Chief Justice Rejects Plea * On Clinton's Bodyguards

Ruling Clears the Way For Prosecutor to Force Testimony on Lewinsky

By Peter Baker

WASHINGTON -- Minutes before a noon deadline on Friday, Chief Justice William Rehnquist of the Supreme Court rejected an emergency appeal to block President Bill Clinton's security detail from testifying in the Monica Lewinsky investigation.

Prosecutors moved immediately to bring the president's security agents before a grand jury.

Culminating several days of high legal drama, Justice Rehnquist declined to issue a temporary order stopping the

He explained that the full Supreme Court was not likely to overturn a lower court ruling that the Secret Service did not enjoy a right of confidentiality.

The Justice Department, in representing the Secret Service, had to 'show that there is likelihood that this court ... would reverse the judgment of the court of appeals," he wrote in a short order. The applicant simply has not made that showing to my satisfaction, and I

believe my view would be shared by a majority of my colleagues. The opinion of the court of appeals seems to me cogent and correct. Kenneth Starr, the independent coun-

sel, wasted little time in taking advantage of the decision.

Even before Justice Rehnquist handed down his judgment, Mr. Starr had ordered Larry Cockell, the head of Mr. Clinton's security detail, and several uniformed officers to appear at the Federal Courthouse in Washington by noon. That was when the stay issued by the appeals court was to expire.

Mr. Starr planned to begin having them testify, using a different grand jury rather than wait until Tuesday when the normal Lewinsky panel would next

Asked about the Rehnquist ruling, President Clinton said he had "a legal opinion and ... a personal opinion' about the case.

But he declined to reveal them because, he said, "it would be inappro-priate for me to express an opinion."

AGENDA

U.S. Fails to Block **War Crimes Court**

A treaty creating the world's first permanent war crimes tribunal won preliminary approval Friday in Rome over strenuous U.S. objections. A final vote was expected later in the evening.

A U.S. bid to undermine the package deal was beaten back by a vote of 113 to 17, with 25 countries abstaining. The vote was celebrated with thunderous applause. An effort by India to derail the agreement

also was voted down.

Joining the United States in denouncing provisions of the treaty were countries that included Libya, Algerin, China, Qatar and Yemen. Tra-ditionally close U.S. allies came to the treaty's defense.

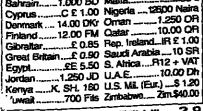
Earlier article, Page 3

Czech Leader Named

PRAGUE (Reuters) - President Vaclay Havel accepted the resignation on Friday of Josef Tosovsky's caretaker government and named the Social Democratic leader Milos Zeman as prime minister.

Mr. Havel asked Mr. Tosovsky's government to remain in office until the new cabinet is appointed. That is expected on Wednesday.

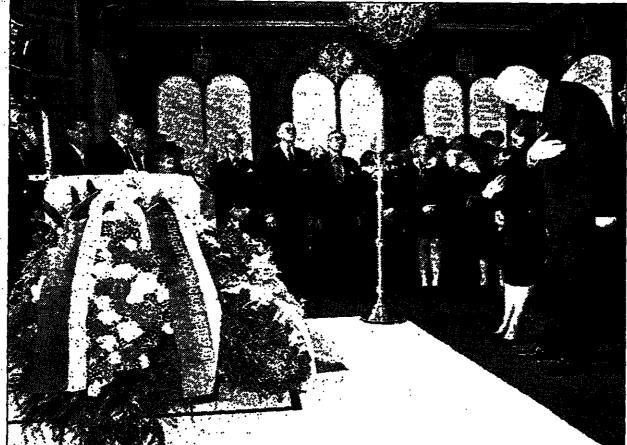
Books	Page 13.
Opinion	Page o. Pages 19-20.
The Intermarket	Page 5.



Newsstand Prices

Bahrain......1.000 BD Malta.





President Yeltsin and his wife, Naina, paying tribute Friday at the tomb of the last czar of Russia, Nicholas II,

Yeltsin Honors Last Czar of Russia

By Daniel Williams Washington Post Service

ST. PETERSBURG, Russia — Boris Yeltsin, the first president of the "new Russia" bowed Friday to the last czar of the old Russia and asked forgiveness for crimes against victims of hate and politics.

President Yeltsin spoke in front of the coffins of Czar Nicholas II, his wife, three of his children and four attendants, all of whom were shot to death or bayonetted by Bolshevik Red Guards 80 years ago to the day.

The members of the Romanov family and their retainers were buried in a solemn memorial service at Peter and Paul Cathedral, a mansoleum for czars since the reign of Peter the

The ceremony fulfilled the hopes of the organizers, who wanted the event to provide a grand gesture of repentance.

President Yeltsin's speech emphasized the need to recognize historical truth to avoid a future of atrocities.

He referred to the execution of the czar, his family and attendants as "one of the most shameful pages of Russian

By Samuel Abt

BRIVE LA GAILLARDE, France-

The coach of the world's leading bi-

cycle racing team admitted Friday that he had conducted a "concerted" prac-

tice of supplying illegal, performance-enhancing drugs to the team's riders,

who are racing now in the Tour de

The coach, Bruno Roussel, 41. a

Frenchman, and the doctor for the team

were placed under formal investigation

by a French judge earlier in the day on

charges of buying, transporting and us-

onal Herald Tribun

Mr. Yeltsin acknowledged that Soviet authorities over the decades, of whom he was one, had distorted the history of the

he said. "Those who perpetrated this crime and those who for decades have been finding excuses for it are guilty. All of us are guilty. One cannot lie to oneself and explain away wanton

people. That's why I should come here as a person and as president. I bow my head before the victims of a senseless

and Paul Fortress on an island in the Neva River. Mr. Yeltsin's stirring apology served to redeem an event whose preparation

spree among consumers.

'All these years, we were silent about this horrible crime,'

cruelty as political necessity.

"We are all responsible to the historic memory of the

He then leaned forward slightly.

Later, after the wooden coffins were lowered into a tomb,

Mr. Yeltsin held his right hand to his heart and bowed three

Bells, chimes and an artillery salute rang out from the Peter had been marred by political and religious squabbling.

See CZAR, Page 8

U.S. Trade Deficit Rises on Asia Crisis

Declining Exports Point to Slowdown During 2d Quarter

By Richard Stevenson New York Times Service

WASHINGTON - The U.S. trade deficit shot up again in May to another record, the Commerce Department reported Friday, providing compelling evidence that economic growth slowed substantially and may even have been

halted during the spring as the Asian crisis rippled across the Pacific.

The deficit rose in May to \$15.8 billion from \$14.3 billion in April, a far bigger increase than economists had expected.

Exports declined for the second month in a row, to \$76.2 billion, the lowest level in 15 months, primarily because of weak demand across Asia for American goods and services. Imports rose slightly, to 592 billion, reflecting the effects of a strong dollar and a continued spending

For the first five months of the year, the cumulative trade deficit was \$64.9 billion, a 39.6 percent increase over the

same period last year.
President Bill Clinton called for action to support an Asian recovery, reiterating his demand that Congress approve payment of dues to the

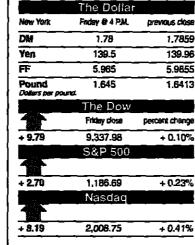
international Monetary Fund. 'The American people should be concerned about this, but we should know that there is a disciplined answer,"
Mr. Clinton said. "We need to restore growth in Japan, restore growth in Asia, and our major goal here for our own actions should be to pay our fair share to the International Monetary Fund so we can support economic recovery so they can afford to buy our products."

Economists said the deteriorating trade situation had offset healthy domestic demand during the second

mestic demand during the second quarter, and some analysis said it was now possible that the economy con-

tracted during April, May and June.
"It's a disaster," said Joel Naroff, an
economist at First Union Bank in Philadelphia. He said there was a "a very

See TRADE, Page 8



A Rare Political Contest Is Emerging in Japan



Seiroku Kajiyama, party veteran.

Boss-Driven Party Fights Over 2 Contenders

By Kevin Sullivan

Tour Coach Admits Giving Team Drugs

oping the Tour continued to widen. For-

mal investigation is a step short of arrest

but will keep them in custody.

A lawyer for Roussel, Thibault de

Montbrial, read a statement in the north-ern city of Lille that said: "The object

was to optimize performance under strict medical control" while ensuring

that the riders did not use drugs without

against any of the riders for the Festina

team, which includes the world road race champion and two favorites in the Tour.

Philippe Joubert, an assistant public

No official accusation was leveled

such control.

TOKYO — Two heavyweights in the governing Liberal Democratic Party on Friday declared their candidacies for party president - and, effectively, prime minister - and set the stage for a public display of backroom power pol-itics that Japan has not witnessed in 20

The announcements by Foreign Minister Keizo Obuchi and Seiroku Kajiyama, a party veteran, demonstrate that in the fallout from the party's devastating loss in parliamentary elections Sunday, one of the world's great smoky-backroom, boss-driven political institutions is showing surprising signs of opening up.
After a half-century of dominance in

Japan, analysts say the Liberal Democratic Party seems to be heeding the demands of voters, international financial markets and even disgruntled junior party members for a more open, democratic process to choose Japan's next leader.

For the first time since 1978, the secretive and tradition-bound party may hold an unpredetermined election to choose its new leader. Many of the party's presidential elections have been decided by an open vote of party mem-bers, but the outcomes had long since been fixed behind the scenes. Analysts say the current race could be different, not decided by simple factional loyalties but by party members voting their con-

said that the riders would be questioned

"as witnesses" once the three-week

Efforts to reach the riders in Brive la

Gaillarde, where the race ended its sixth

daily stage on Friday, were unsuccess-

ful. Officials of the Tour were preparing

comment on the affair after first saying that they would not respond to press

reports but awaited formal notification

A worker for the Festina team, Willy

Voet, 53, a masseur, was arrested last

See TOUR, Page 8

Tour ends in Paris on Aug. 2.

from judicial authorities.

The party is also planning to have Mr. Obuchi, Mr. Kajiyama and perhaps one or more other candidates hold a debate next week that will probably be carried live on national television. Remarkably, the candidates are expected to joust over substantive issues, including how to rescue Japan's faltering economy.

Under pressure from young re-

formers, the party vote also has been moved from July 21 to July 24 to give more time for a free exchange of ideas among the candidates — time that has

See JAPAN, Page 8



Keizo Obuchi, foreign minister.

Kosovars Say Serbian Forces Are Executing Civilians

By Chris Hedges New York Times Service

DECANL Serbia - Serbian forces have been turning increasingly to the abduction and execution of small groups of civilians in their fight against ethnic Albanian separatists in Kosovo, according to human rights officials and witnesses. Many of the executions took place moments after Serbian special police units concluded attacks on villages held by the Kosovo Liberation Army rebels, witnesses said.

"The number of disappearances are increasing each month," said Behxhet Shala, secretary of the ethnic Albanian Council for Human Rights. "There is a mathematical logic to all this. As the Kosovo Liberation Army kills more police, the police go out and hunt down civilians who live in the areas where the attacks take place. These are reprisal killings."

Some 200 ethnic Albanians are listed by human

Some 300 ethnic Albanians are listed by human rights officials as missing since March, when the conflict intensified between the rebels and the 50,000 or so Serbian soldiers and policemen deployed here.

Some of them may have fled to Albania or Montenegro, and others may be living with relatives elsewhere in Kosovo. But some were seen by witnesses being led away by special police units, never to

As the war progresses, and as the rebels, who them-selves have abducted at least 30 Serbs, increasingly make Serbian civilians their target, the fear is growing that the fighting could spiral into the kind of war against

See KOSOVO, Page 8

70 - Exports 65 -- ₁₉₉₇ **Ex-Ministers**

U.S. Trade Imbalance

To Be Tried In France in **AIDS Case**

By Craig R. Whitney

PARIS - Former Prime Minister Laurent Fabius and two other former ministers will be tried by a special tribunal on charges of contributing to the deaths of patients who received transfusions from government blood stocks contaminated with the AIDS virus in 1985, a special commission ruled

philiacs, were infected with HIV, which causes AIDS, when Mr. Fabius was prime minister. He and Georgina Dufoix, his social affairs minister, and Edmond Herve, the health minister, came under investigation in 1992 on charges of complicity in poisoning the victims.

They were placed under judicial investigation, one step short of indictment, on those charges in 1994. But a special commission of three investigating judges decided Friday that they should be tried by the Court of Justice of the Republic on charges of involuntary homicide, the equivalent of manslaughter, and of involuntarily compromising the well-being of others," their lawyers said.

The three were accused in 17 individual cases, according to the lawyers. Mr. Fabius, the current speaker of the National Assembly, expressed satisfaction Friday night that the poisoning charge had been dropped.

All three defendants have denied knowingly permitting tainted blood to

be used in transfusions or deliberately denying screening blood for HIV. In 1992, four senior public health officials were convicted of fraud for allowing the distribution of the tainted blood. They received jail sentences of up to four years.

Mr. Fabius said that the decision Friday was ''only a stage.''

"Barring possible appeals, it's before the Court of Justice that I will establish that I acted in good conscience, as I have always said, as I ought to have done, and as quickly as possible," he said.

Bernard Cahen, the lawyer representing Mrs. Dufoix, said: "It's hard to imagine any trial starting much before

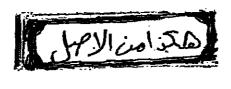
the end of the year. We don't have a copy of the decision yet, so we don't know the grounds. Depending on what

hose are, we could still appeal.

More than 400 hemophiliacs, many of them children, died of AIDS, families of the victims charged, because the govemment delayed screening blood stocks for HIV until a French-devised test for the purpose was available. An American test could have been used and would have averted the tragedy, they

charged.
Government officials at the time had immunity from prosecution for crimes committed while in office, but the public uproar over this and other political scandals of the early 1990s was so great that in 1993 President François Mitterrand, a member of the Socialist Party, like the three officials being charged, approved setting up a special tribunal, the Court of Justice of the Republic. before which cabinet ministers could be

See AIDS, Page 8



Ending Ulster's Apartheid: Long Road Ahead

By Warren Hoge New York Times Service

BELFAST - The premise being starkly challenged in Northern Ireland's halting passage to a more secure future is whether political solutions, however imperfect, can free up societies condemned to continual combat by tribal suspicions and practices.

In four months of remarkable achievement, Northern Ireland has concluded a peace settlement negotiated over 26 months, gained popular support for it through a referendum and elected a new legislature to regain power that London has exercised here since 1972. Further measures called for by the accord are to be taken in the fall in the continuing effort to give the two warring religious communities shared participation and a reason to stop fighting each other.

Every step was a tortured one. The peace talks succeeded only after the governments of Ireland and Britain that sponsored them imposed a deadline and kept negotiators up all night and into the next evening until they produced an agreement on April 10, Good Friday. The May 22 referendum approval al-

most failed when hard-line Protestant politicians led by the Reverend Ian Paisley came within several percentage points of voting it down. In the Assembly elections June 25,

these same forces fell just two seats shy of gaining the capacity to prevent the 108member body from going forward with further power-sharing measures essential for keeping the peace process alive.

Those prodding Northern Ireland toward a less polarized future have won these battles only by narrow margins

over those resisting the notion.
On the ground, the traditional fierce antagonisms remain. Left to themselves, the citizens of Northern Ireland have not shown the disposition to get together. Only 8 percent of them live in neighborhoods that are mixed, and only 5 percent of the province's students attend schools that are

All across the province, communities flaunt their religious exclusivity, with Roman Catholic neighborhoods flying the Ir-

ANALYSIS ish tricolor and Protestcommunities painting their curbstones and light stanchions in the red, white and blue colors of the Union Jack.

Most Catholics seek closer links with the Republic of Ireland and many wish for a unified island ruled from Dublin. while most Protestants want to remain part of the United Kingdom. Catholic residents of Northern Ireland generally call themselves Irish while Protestants call themselves British.

With growing economic equality, there are few ways these days to know who is of which religion. Questions about where you live or where you went to school are asked with more than just conversational curiosity in Northern Ireland. Sometimes the name is the same, but the clue is in the spelling. McGuinness tends to be Catholic, Maginnis Protestant.

At a heavily attended Catholic church service Tuesday, the only way it became apparent that there was a substantial Protestant turnout was when numbers of people were unable to mouth the words to Carholic prayers. The Requiern Mass was said for the three Quinn brothers, Richdeath in their beds early Sunday by Protestant arsonists who threw a firebomb into their housing-project home.

It was the widespread horror at that event, encompassing both communities, that put an end to the threat that the siege of Drumcree posed to the overall peacesettlement process. The Orange Lodge of Portadown, the militant Protestant town where the order was created in 1795, had predicted a turnout of 100,000 at the contested site Monday night, but almost all of them stayed away in the

shocked aftermath of the killings.
The confrontation centered on whether the men in their bowler hats and orange collar bibs would be permitted to march from the church down the Garvaghy Road, which runs through a neighborhood of Catholic housing projects. The government's new Parades Commission ordered them to follow a less contentious route, but they refused. saying they would maintain a vigil on the country church hillside until they

could "walk the queen's highway."
On Thursday, only three members of the Portadown Orange Lodge were allowed onto the site to keep what the

police called a "token" presence.

The police and British troops on Wednesday evicted troublemakers who had bombarded them with bombs and missiles every night since the standoff began July 5. Only small numbers of Orangemen will be permitted back, and siege of Drumcree this year, the fourth in a row to provoke violence across the province, has ended.

This year's riotous behavior has produced a split in the Protestant ranks, with a number of religious and political

ard, 11, Mark, 10 and Jason, 9, burned to death in their beds early Sunday by Prot-men to abandon the standoff. Among them was David Trimble, the first minister of the new Assembly who was an active participant at past Drumcree

Significantly, Mr. Trimble made his public appearances around the province with Seamus Mallon, his Catholic deputy in the Assembly leadership, by his side. An arrangement that would be barely noticeable anywhere else in Europe, it was a startling new fashion in the dour and gritty polarized politics of

Northern Ireland. Mr. Trimble's next test is the creation of the 10-man Assembly executive in September, the group that will effectively be the cabinet of the new govemment of Northern Ireland. The vote total for Sinn Fein, the political ally of the Irish Republican Army, entitles the party's president, Gerry Adams, to a place in this new cabinet.

Throughout the negotiations, Mr. Trimble refused to speak to Mr. Adams, accusing him of being the leader of a party that has not renounced violence. Members of his own party and leaders of hard-line Protestant parties have said they will not support Mr. Trimble if he agrees to let Sinn Fein take its ministerial position in the absence of any disarmament moves by the IRA. The matter is the next burdle in the province's halting passage to a new political future.

The IRA has maintained a cease-fire for a year now, even in the face of provocations like the tumultuous past two weeks during which Catholics have been under assault across the province.

There have been arson attempts on more than 130 Catholic homes, and 10 Catholic churches and 13 Catholic schools have been torched by night-riding Protestant vigilantes. More than 100 Catholic families are being moved by public housing authorities after receiving threats like letters containing bullets and warnings to leave.

While the brutal events have intensified the residential apartheid of Northem Ireland and reinforced suspicions held for generations, they may have also discredited and weakened the dichard forces working against the fulfillment of the peace settlement.

They also have shown the grim resilience of Northern Ireland as it passes through some of its most transforming months. At the church service Tuesday in Ballymoney, the Reverend Peter Forde looked out over the thronged congregation and said: "We meet in sorrow at the deaths of these children, but our shared sorrow is a beacon hope for the whole community. In this, our very troubled country, may it light our way ahead."



Fausto Bertinotti of Italy's Refounded Communist Party discussing on Friday the coming government confidence vote in Parliament.

Italian Leader Seeks 'A Strong Mandate'

ROME — Prime Minister Romano
Prodi of Italy called Friday for "a
strong mandate" for his center-left
coalition government before a confidence vote on his administration's

policies. Deputies are due to vote on a confidence motion Wednesday.

Mr. Prodi decided in June to throw open his majority to a "hage veri-fication" after the Refounded Communist Party refused to vote for ratification of NATO plans to be doubled. incorporate three East European na-tions. (AFP)

Kohl's Party Trails In 2 Polls, 42 to 37

BONN — Germany's opposition Social Democrats still hold a solid lead over Chancellor Helmat Kohl's conservatives with two months to go until a general election, two opinion polls showed Friday.

The surveys were carried out by Forschungsgruppe Wahlen and by the Emnid research institute. Both put the Social Democrats on top with 42 percent and Mr. Kohl's conservatives

trailing at 37 percent. though to The Wahlen poll, commissioned by be high.

ZDF public television for its monthly Politbarometer program, showed that Mr. Kohl's Christian Democrats and their Christian Social Union sister party had narrowed the gap by one point since last month.

Offer on Holocaust Final, Banks Say

GENEVA - The two largest Swiss banks said Friday that their final offer to settle Holocaust claims in the United States remains \$600 million. despite reports that the amount could

A United Bank of Switzerland spokesman, Christoph Meier, denied reports in the Financial Times of London and the German paper Handels-blast that the banks were considering

doubling their offer.

Mr. Meier and Paul Rhyn, a Zurichbased spokesman for Credit Suisse Group, said the banks' offer, made June 19, was still valid and that there was no possibility of raising it. (AP)

For the Record

Britain will treat its medical blood supplies to avoid possibility of infecting patients with the human version of "mad cow" disease, even though the risks are not considered to

2 Pedophilia Cases Stir Action by EU

Dutch Investigate an Internet Ring; Belgians Seize Video Cassettes

By Barry James

BRUSSELS - Two major pedophilia cases in Europe have broken into the open, with Dutch police confirming Friday that they were investigating an Internet pornographic network and a report in Belgium that police were seeking to identify 340 children and adolescents shown in seized pornographic video cassettes.

In the Netherlands, a spokesman confirmed that police were investigating a widespread Internet ring and said that examination of computer material "has brought to light a number of pictures showing serious sexual abuse

the country had been seeking with limited success to identify the young people shown in video cassettes seized in a police raid on a pedophiliae ring at

Alost, near Brussels.

reports said. Reports said one of the victims was identified as a German boy who disappeared in Berlin five years ago, when he was 12, and has been missing

The cases created a major political for these criminals.' embarrassment for the European Un-

ion, which for legal reasons has sus- Friday announced a campaign to make pended funding for programs aimed at vacationers aware of the child sex trade preventing pornography on the Inter- in a number of overseas destinations. net and combating violence against The operators will issue booklets

women and children. Ministers of several European countries met in Brussels on Friday to discuss the controversial budget cuts. Of-ficials said it was likely they would find a way of restoring the funding for politically sensitive" items.

pecially disgusting' cases of child pornography underlined the necessity of Europe's taking "joint and firm action" to protect children.

"It is not acceptable that child pornography, through the use of the In-In Belgium, reports said that since ternet, assumes an even bigger and the end of June police forces all over more gruesome dimension," he said. Austria, which holds the presidency of the European Union, was taking the as 1 year old being abused.

"They show children tied up, being

Many of the cassettes were made on tablished a committee to coordinate the Portuguese island of Madeira, the fight against child pornography. The ignate experts to scan the Internet for pedophiliac and pornographic content. The Internet is not a lawless space,' he said. "We must widen our search

warning travelers that they could face prosecution at home for offenses committed abroad. The operators said they would issue baggage tags with the message, "Stop sexual exploitation of children

In Belgium, the Dutroux pedophili-In Vienna, Foreign Minister ac murder scandal two years ago has Wolfgang Schuessel said that the "es-pecially disputing" are the control of the contro political issue.

A Flemish anti-pornography group called the National Morkhoven Task Force revealed the existence of the Dutch-based Internet ring in a television program shown in the Netherlands on Wednesday night.

The program's producers said they had pictures showing infants as young

ing problem. raped and abused." said Marcel Ver-The German government Friday es-vloesem, a member of the Morkhoven raped and abused." said Marcel Ver-

government spokesman. Otto Hauser, ecutive arm of the European Union, urged regional police forces to des- said earlier this week that it was suspending funding for many humanitarian and social aid groups because of a European Court ruling two months ago that all "significant" budget items had to have the approval of the 15 member Meanwhile, Belgian tour operators governments.

TRAVEL UPDATE

Channel Ferry Passengers Drop

PARIS (AFP) — SeaFrance, a cross-channel ferry operator, said Friday its passenger traffic fell 6.7 percent in the first half of the year, but freight traffic rose 12.8 percent. SeaFrance, a unit of the state-owned French national rail

of this year, down from 1.78 million in the first half of 1997.

More Miles Needed on American

DALLAS (AP) — American Airlines passengers looking to redeem frequent-flier miles for premium seats will need more miles starting Feb. 1.

Travelers will need from 10,000 to 25,000 more miles than are now required to buy or apgrade to first class or business class on domestic and international flights. Mileage for coach tickets will not change.

Setback at Hong Kong Airport

HONG KONG (Reuters) — The Hong Kong International Airport has shut down an automated plane guidance system

after a Cathay Pacific ardiner hit a passenger air bridge, an Airport Authority spokeswoman said Friday.

Airport officials were investigating the reasons for the collision Wednesday, which caused minor damage to the plane and the air bridge, one of 37 that passengers use to board and leave airport.

and leave aircraft.

Airline in Japan Bans Smoking

TOKYO (Reuters) — Japan's third-largest airline announced a ban on smoking on all domestic flights, effective immediately. Japan Air System made all seats on its 88

domestic routes nonsmoking, a spokeswoman said. Its affiliate, Japan Air Commuter Co., also banned smoking on its flights Friday. Japan Airlines and All Nippon Airways plan to prohibit smoking on all domestic flights this year. Air Nippon banned smoking on domestic flights in April.

The Cyprus Airways pilots union has called off its planned three-day strike that was to start next Thursday. The union said Friday it had agreed to hold more talks with the airline management in the presence of a government minister to discuss outstanding differences, mainly on pay.

Anti-Drug Program in Afghanistan Is in Danger

By Barbara Crossette New York Times Service

UNITED NATIONS, New York - An anti-narcotics



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tan late last year is in danger in coming weeks on the plantof being dismantled, a top UN official said, citing reports that opium poppy production ment is that they should de-

lamic Taleban movement. morphine, if not heroin, near the heart of the Taleban's religious center of Kandahar.

Both increased production would violate the accord under which the United Nations has agreed to provide develgradual reduction of poppy cultivation.

the Taleban's representative to the United Nations, said that the Taleban strongly opposed narcotics but that the drug-control program had demanded too much of the Taleban too soon.

Mr. Arlacchi, one of a shrinking group of UN of- pessimistic," he said. ficials who have been optimistic that agreements made with the Taleban would even-

program begun in Afghanis- he expected to get full reports. There is a different perceping of new opium crops.
"The pillar of the agree-

may be increasing in areas stroy all the new poppy crops under the control of the Is- that we will detect or they will detect," Mr. Arlacchi said Pino Arlacchi, executive from his headquarters in Vidirector of the UN Drug Con- enna. "When we get the pretrol Program, also said in an cise sites under cultivation, interview that he was hearing we will go back to them and for the first time of the open- ask them immediately to deing of refineries to produce stroy this cultivation. If they

Mr. Arlacchi said he had told countries that contribute and the refining of opium to aid for Afghanistan that if the Taleban, which controls about 85 percent of Afghanistan, did not comply, he was opment aid in return for a prepared to use the aid money to reinforce border patrolling around the country, particu-At a news conference here larly in Iran and Tajikistan. Thursday, Noorullah Zadran, through which Afghan opium

"Until this moment, they actually delivered on the agreement," Mr. Arlacchi said. "On the first of June they destroyed two tons of opium." But new information has made him "rather

Mr. Zadran of the Taleban said of the anti-drug program: mally work as planned, said is a difference in cultures. has met certain conditions.

tion. He said money intended for the Afghans was beused administrative expenses before it reached the country.

Mr. Zadran complained that of a \$16 million pledge to the Taleban in development aid, the Drug Control Program had spent \$11 million on administrative costs. The \$16 million in aid was

will not do it, we will have to and eventually some light reconsider our agreement." manufacturing to supply jobs in areas where the opium crop is important to family earn-Even though the Taleban opposes the use of narcotics, it has been unable to provide

economic alternatives to help

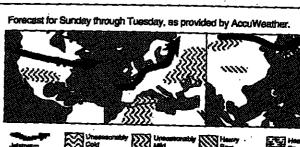
people to stop growing opi-

to cover agricultural supplies

The Taleban was also "in-sulted," he said, by its ex-clusion from a UN drug summit meeting in June at which the leader of the fragmented out of Kabul two years ago was allowed to speak because his administration still holds

the UN seat. This anomaly persists because the United States and other countries will not let the "God knows we tried. There Taleban hold the seat until it

WEATHER



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. War Crimes Court **Nearing Creation**

U.S. Fails to Block Draft Treaty

ROME — Over strennous American opposition, a UN conference forged a draft treaty Friday for creating the world's first permanent war crimes tribunal. Delegates from 160 countries had until midnight Priday to

approve the treaty. Despite weeks of arm-twisting, the United States failed to block the creation of an independent prosecutor and insert a loophole that could exempt U.S. citizens and soldiers from the court's jurisdiction. The treaty's strongest supporters also included most of Washington's closest allies.

Hours before the midnight deadline for an agreement at the

five-week conference was due to expire, a U.S. spokesman-said. "Unformnasely the draft treaty released in Rome this morning does not address American concerns, including the court's jurisdiction and the role of the prosecutor."

"As negotiations continue, we hope that a satisfactory outcome can emerge," he added after the chief U.S. delegate, David Scheffer, held a morning of intensive lobbying with other delegations.

As envisioned in the draft, the International Criminal Court would bring individuals to justice for genocide, crimes against

humanity, war crimes and aggression.

The court, to be based in The Hague, fulfills a dream that was born after World War II with the Nuremberg trials of Nazi war criminals and revived with the ad hoc tribunals for alleged offenders from Rwanda and the former Yugoslavia.

Under the draft, a case could be triggered by the prosecutor, with the approval of a pretrial panel of judges, by a country or by the UN Security Council.

To hear a case, the court would need the permission either of the nation where the alleged crime was committed or the suspect's home country.

The United States had sought a more restrictive option that would let it veto, without interference, the prosecution of any American citizen. With U.S. troops deployed in hot spots around the world, Washington fears they could become targets of politically motivated charges.

The U.S. effort to win such veto power was widely de-· nounced. The negotiations split the conference into two opposing

camps — one lobbying for the strongest, most independent court possible and the other hoping to curb its scope.

Supporters of a strong court include most of America's set back by discoveries of closest allies like Canada and Britain. Among those in the nerve gas in Iraqi warheads, opposite group are nations with dubious human rights re- President Saddam Hussein (AP, Reuters) said in a speech Friday that

POLITICAL NOTES

First Lady Lets Out Feminist Battle Cry

SENECA FALLS, New York — Hillary Rodham Clinton has visited the village that gave birth to the women's rights movement 150 years ago, calling on women to honor their feminist heritage by plunging more aggressively into the political fray.

She rolled in on a bus to this picturesque pocket of tidy storefronts and picket-fenced yards in the upstate Fin-ger Lakes region, the culmination of a four-day motor tour of the northeast to 'Save America's Treasures." But if historic preservation sounds like the most traditional and noncontroversial of pursuits for a first lady, Mrs. Clinton showed that celebrating the past can be

done with a sharply topical edge.

If Elizabeth Cady Stanton and the other women who convened the first Women's Rights Convention in 1848 were alive, she said, they would be agitating still. In a speech that was at times pointedly political, she implored a crowd of about 16,000 gathered Thursday on a sweltering high school football field to lobby for pay equity for women, universal health care coverage, expanded child care aid and a tougher

stand against domestic violence.

elections. Once muzzled by discrim-inatory laws, Mrs. Clinton said, "today, women, we silence ourselves." (WP)

Senators in No Hurry To Make a New State WASHINGTON - Senators study-

ing Puerto Rico's future have all but abandoned plans for elaborate legislation that could put the island on a "fast track" to statehood, but they held out hope that Congress this year could pass a stripped-down bill to establish how Puerto Ricans in the Senate. can vote on homeland status.

"Whatever we did would be pretty lean," Frank Murkowski, Republican of Alaska, said after presiding over two days of often contentious hearings on Puerto Rico during the week.
"There is no schedule at this time,"

Mr. Murkowski, the chairman of the Senate Energy and Natural Resources Committee, said. But he added, "I remain committed to putting a process in

Status — whether to seek statehood, independence or remain an internally They were great patriots of this country, self-governing commonwealth under and so was my husband." (Remers) independence or remain an internally

She said the feminist pioneers who fought for suffrage would be "amazed and outraged" by the millions of eligible women who did not vote in the 1996 the U.S. flag — is a topic that has consumed Puerto Rican politics for nearly 50 years. But the debate acquired much greater urgency in March when the much greater urgency in March when the House, by a vote of 209 to 208, approved a bill requiring a status plebiscite in Pueno Rico by the end of the year and a presidential transition plan to carry out the plebiscite's result within a decade.

The bill enraged pro-commonwealth Puerto Ricans, who charged that it slighted their option, and Republican conservatives balked at supporting a measure that could offer "fast-track" statehood for an island of 3.8 million people with their own language, culture and traditions. Because of the objections and the narrow House vote, the status bill has inspired little enthusiasm

Quote/Unquote

Coretta Scott King, widow of Martin Luther King, commenting as President Bill Clinton prepared to sign legislation to create a monument to the assassinated civil rights leader on the Washington Mall: "It's appropriate that there is a memorial for him in the nation's capital on the order of those for Abraham Lincoln and Thomas Jefferson.



A member of the 10th Mountain Women's Color Guard presenting arms during Mrs. Clinton's visit.

Saddam Suggests UN Sanctions Will 'Erode' Over Time

By Barbara Crossette New York Times Service

UNITED NATIONS, New York — In the first public hint lifting of sanctions have been

lied under oath when he

denied having sex with Ms.

Lewinsky or urging her to

eran of the Secret Service.

took over as head of the pro-

tective division in February.

Mr. Cockell, a 17-year vet-

programs said this week that they had begun to get similar signals from the Iraqis. The Baghdad govern-

who meet regularly in Bagh- Nations in June that traces of dad with Iraqis to discuss a the lethal nerve gas VX had of the revolution that eventhat Iraq's hopes for an early range of issues from weapons been found in Iraq's hell frag-lifting of sanctions have been to relief and reconstruction ments uncarthed by UN weapons inspectors. the erosion would be swift.

"The blockade will not be lifted by unanimous Security Council resolution, as inten-

speech considerably less bel-

newed crisis with Iraq in Oc-tober, when the Security curity Council about the find-

of Iraqi sanctions. A new showdown with Iraq would be a blow to the UN secretary-general, Kofi Annan, further weapons inspections, as they did last fall and winter.

"This year, and in the time The sanctions are reviewed the Iraqi biological weapons

that follows, God willing, every six months.
will be the virtual erosion of But since June, the blockade," he said, in a ard Butler, the executive licose than usual. But officials at the United' which is charged with elim-Nations do not rule out a re- inating Iraq's weapons of needed evidence.

Council will meet to make a ings of nerve gas, Mr. Sadformal decision on the future dam has not made any threats to defy inspectors. Mr. Butler is due to return

to Iraq in August for more talks with the Iraqis, who who staked his reputation on a have been given a list of tasks pact he concluded with Mr. to accomplish if they want to Saddam in February in which see a lifting of sanctions, imthe Iraqis agreed not to block posed after the 1990 Iraqi invasion of Kuwait.

After a trip to Iraq in June, On Friday, Mr. Saddam however, Mr. Butler was not

the embargo was more likely ment's hopes for an end to the crumble over time.

United Nations officials it was disclosed at the United televised address to the nation which he did not describe, if map' to the end of the dismarking the 30th anniversary the embargo on oil sales was armament phase of his work not removed. This spring, and a shift to long-term monmally brought him to power. Iraq sent a letter to the Se-itoring. During those talks, "Rather, it will erode." curity Council warning of Iraqi leaders refused to dis-But he added that he hoped grave consequences if the cuss VX gas and told him that embargo were not lifted then. he would get no more files on program, which many experts But since June, after Rich- consider a continuing danger.

Iraq, which first denied chairman of the United Na- having biological weapons, tions Special Commission, now insists it destroyed them all, but refuses to provide

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AGENTS: Justice Rejects Appeal on Guards

or Hology

sisted that he had nothing to he could not reach several agents and officers.

"I want the American people to understand," he traveling abroad. said, "that, notwithstanding what some have said, and oth-sider the Justice Depart-'ers have implied, this was a ment's petition to hear the decision that came out of the ments of whether the Secret Secret Service, about which they feel very strongly.

their lives to protect me and other presidents in a professional way, not a political ay," Mr. Clinton added. He bristled at the harsh

comments of an appeals judge, Laurence Silberman, who wrote in a concurring the opinion Thursday that "the Relinquist said he assumed president's agents literally and figuratively" declared war on Mr. Starr, the inde- reparable harm by allowing pendent counsel.

'Well, you know, I think you have to consider the cause if the high court even source of that comment," Mr. tually were to side with the Clinton said, alluding to the Secret Service, it would es-Republican-appointed judge. tablish a rule that would re-And that is simply not assure future presidents.

declared. Justice Rehnquist made the decision not to issue a stay by justice overseeing the District even voted to hear the case.

Continued from Page 1 of Columbia Circuit. He Caught in the middle of the could have referred the matter legal tug-of-war were Mr. Mr. Clinton once again in- to the full court, but said that Cockell, six uniformed officers and a former plaindo with the decision to fight colleagues who were out of clothes agent who were sub-Mr. Starr's subpoenas of town during the summer repoenaed by Mr. Starr this agents and officers. whether President Clinton

Some were reported to be

The court still must con-Service can assert a neverbefore-recognized "protec-"And these people risk tive function privilege" on the grounds that violating a president's trust would cause had way, not a political him and his successors to push agents away and pos-

sibly risk assassination. It would take four of the nine justices to agree to hear case and Justice they would do so.

He said there was no irthe testimony to go forward in the meantime, though, be-

His action came a day after "Neither I nor the White the U.S. Court of Appeals for House have been involved in the D.C. Circuit unanimously it in any way, shape or form, declined to hear an appeal of a nor will we," the president three-judge panel's rejection of the Secret Service argu-

None of nine appeals himself, as is his right as the judges considering the matter

Away From Politics

 A New York state appeals court has dismissed a classaction lawsuit on behalf of more than a million smokers who accused tobacco companies of concealing the addictive quality of cigarettes.

• Two men have been sentenced in Philadelphia to four years in prison for stealing up to \$3 million worth of Civil War-era artifacts, including John Brown's rifle and a Union general's sword. Earnest Medford, 48, and George Csizmazia, 56, were convicted of stealing items from the Historical Society of Pennsylvania.

 The Catholic Diocese of Stockton, California, has been ordered to pay \$30 million to two brothers molested by a parish priest known as a sexual predator.

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Christians and Jews of America must reach for the courage of Jesus and Moses in order to diffuse the spell of mutual distrust that continues to embroil all of the Children of Abraham.

Their frequently misplaced righteousness and one-sided sense of moral culpability perpetuate the painful plight of every innocent victim in the Holy Land.

America's Christian and Jewish leaders should set aside their concern for political correctness and relinquish the evasive tactics of the past. Unless they take hold of the fast-deteriorating situation in the Middle-East, Israel's self-inflicted isolation and escalating abrasiveness will lead to further sufferance and vindictive bloodshed in what was once the land of milk and honey.



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Mahbub Haq, 64, Dies; **Created Growth Index**

New York Times Service

NEW YORK - Mahbub Haq, 64, a former finance minster of Pakistan and an early proponent of economic liberalization who in later years argued that poor countries failed to prosper because they neglected the basic development of their people, died Thursday in New York of pneumonia, his

Mr. Haq, who had also been a governor of the International Monetary Fund and director of policy planning at the World Bank, was the author of several books, including "The Poverty Curtain" and "Strategy of Economic Planning." But he was best known for his creation in 1990 of an annual Human Development Index, a measure used by the United Nations Development Program to measure the wealth of nations by the level of living standards their citizens have

His views did not make him popular in many developing countries, nor in some Western capitals, where he criticized foreign aid policies and domestic social programs.

A scrappy and articulate debater, he relished the con-proversies be provoked. He traveled extensively to speak and gather information and impressions for the United Nations' annual Human Development Report, which was built around

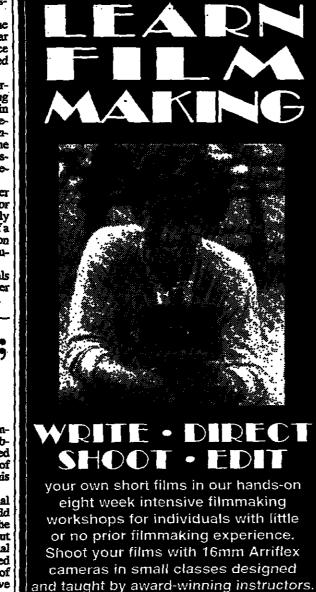
He studied at Punjab University in Pakistan, King's College in Cambridge, England, and at Yale and Harvard in the United

Kakichi Ogawa, 75, Farmer Foe of Tokyo Airport TOKYO (AP) - Kakichi Ogawa, 75, a Japanese farmer who for three decades stubbornly opposed government efforts to seize his land to expand Tokyo's main airport, died of stomach cancer, a hospital official said Friday.

Mr. Ogawa led a vocal four-household faction that resiste the construction of a second runway at the airport at Narita, 65 kilometers (40 miles) northeast of Tokyo. Chana Timoner, 46, Jewish Woman Chaplain

NEW YORK (NYT) - Chana Timoner, 46, a onetime housewife who became a rabbi and then the first Jewish woman ousewire who became a ranoi and then the first Jewish woman serve as a full-time army chaplain, died at her home in New Flaven. Connection, after developing the Epstein-Barr virus.

Ms. Timoner, who was ordained in 1989, worked for the National Council of Christians and Jews as a hospital chap-lain. She joined the army reserves and in 1993 became the first Jewish woman to serve as a full-time chaplain in the army.



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Assad, in Paris, Blames **Israel for Stalling Talks**

Syrian Leader Signals No Change on Golan

By Craig R. Whitney
New York Times Service

PARIS - President Hafez Assad of Syria completed talks with French leaders on Friday without giving any public signal of change in the impasse over Israel's occupation of Syrian territory in

the Golan Heights.

Mr. Assad blamed Israel for the lack of progress in Middle Eastern peace talks and praised France for trying to restore the momentum of the talks. The Syrian visitor's red-carpet reception by President Jacques Chirac drew fire from ctitics of Syria's human rights policies and of its own occupation of part of

After two days of talks with Mr. Chirac, Mr. Assad was vague in public about what his state visit here, the first he has made to the West in 22 years, might have done to improve peace pros-pects in his region. "If there is a peace-ful initiative, Syria will be present, but it has to be in accord with our fundamental demands," Mr. Assad said. "As you know, until now there is nothing.

Syria wants a complete withdrawal by Israel from the Golan Heights, a strategic region captured during the 1967 Arab-Israeli war. Syria demands this before discussions about formal relations between the two countries.

In interviews with French newspapers before he arrived, Mr. Assad said he supported continuing American attempts to mediate peace in the region, which he said were based on the idea of peace for territory — peace in exchange for Israeli withdrawals from Arab land in the Golan and in the West Bank.

He blamed Israel's government, under Prime Minister Benjamin Netanyahu, for being intransigent.

The peace process has been reduced to zero," Mr. Assad said in a speech

France and Egypt have been arguing for a new international peace conference to give fresh impetus to the stalled talks, which began after a conference in Madrid in 1991.

Mr. Chirac, emerging after his second meeting with the Syrian leader at the Elysee Palace on Friday morning, described their conversations as "very positive," but his spokeswoman, Catherine Colonna, said only that Mr. Assad had not rejected the French-Egyptian

President Assad had lunch with Prime Minister Lionel Jospin separately on Friday and visited the Paris City Hall, where he praised French values.

Many French newspaper and television reports on Syria during Mr. Assad's visit have portrayed him as a repressive dictator who rules his country

with little regard for human rights. The International Federation of Hu- have accepted it.

man Rights Leagues said that Syria was holding at least 2,000 political prisoners, despite Mr. Assad's recent release of a few score dissidents, some held without trial for more than a decade, in advance of this visit.

Serge Klarsfeld, the Nazi-hunting French lawyer who heads a French association of Holocaust survivors called Sons and Daughters of French Jewish Deportees, led peaceful protests against Mr. Assad's visit to Paris, by coincidence on the July 16-17 anniversary of the mass arrest of 13,000 Jews here during the Nazi occupation.

Syria, according to Mr. Klarsfeld and others, shelters the indicted Nazi war criminal Alois Brunner, who ran the main French concentration camp at Drancy from 1943 to 1945.

But Mr. Assad told President Chirac that Mr. Brunner was not in Syria as far as he knew, according to Mr. Chirac's spokeswoman, Ms. Colonna. Mr. Assad promised to give consideration to a request by Mr. Chirac for a formal Syrian response to a French judicial request for information on Mr. Brunner, she said. Mr. Assad is scheduled to leave France on Saturday.

'It's hard to say from the public statements that Syria got much from this visit," said a Western diplomat whose country is also among those trying to keep Middle Eastern peace efforts go-

■ Talks Announced in Israel

Israel's defense minister, Yitzhak Mordechai, will meet Mahmoud Abbas, a top Palestinian official, on Sunday to try to break a peacernaking deadlock, Reuters quoted the Israeli Defense Ministry spokesman as saying Friday in

"In the wake of contacts between Israel, the Palestinians and the United States, it was agreed that there will be a meeting on Sunday," said the spokesman, Avi Benayahu.

"The meeting will be held in Tel Aviv," he said. "Mordechai intends at this meeting to reach understandings with the Palestinians that will allow progress in the peace process. Mor-dechai believes that all of the sides need to show flexibility. A Palestinian official, Saeb Erekat,

could not confirm Mr. Abbas's par-ticipation in the meeting, but said "ev-erything will be determined during the cabinet meeting tonight."
The United States has been mediating

between Israel and the Palestinians in 16

Washington wants Israel to withdraw its troops from another 13 percent of the West Bank in return for Palestinian steps to curb militants. Israel has resisted the proposal. The Palestinians



Xanana Gusmao, right, serving 20 years as an East Timor rebel, welcoming Bishop Carlos Ximenes Belo on Friday in a Jakarta jail. The bishop, a Nobel Prize laureate for human rights activity, often visits the prisoner.

Fearing Attacks, Chinese In Indonesia Flee Abroad

Businesses Close Amid Looting and Assaults

Reuters SURABAYA, Indonesia - Intimidation, looting and fears of worsening violence have provoked a new exodus of ethnic Chinese from Surabaya, In-donesia's second-largest city, residents here said Friday.

About 300 Chinese crowded the port Friday morning to board ships headed

Such departures have been growing for the last week, a Surabaya harbor official said. One of the ships leaving Friday was

sailing to Hong Kong.

Most shops owned by ethnic Chinese are closed. Witnesses in the East Java town of Jember, near Surabaya, said some Chinese-owned shops, ware-bouses and plantations have been looted.

A witness said that hundreds of people plundered rice fields and shrimp farms near Jember, and a crowd stripped 10 hectares (25 acres) of unripened cof-

Ethnic Chinese at Surabaya harbor asserted they had been the victims of intimidation and they feared a renewal of rioting that ravaged Indonesian cities in May, during which Chinese were the

focus of looting, arson and rape.

The worst rioting then occurred in Jakarta, leaving about 1,200 people dead and the city's Chinatown area badly damaged. Thousands of shops

and buildings were set afire.

Tens of thousands of Chinese fled the country in May.
"Prior to the May riots, it was just

like this," said Sandra Gunawan, a spare-parts dealer leaving on a boat for Hong Kong. "There were phone calls and anonymous letters threatening unrest. And it came true, didn't it?

Chinese in the region said they feared there would be violence on July 27 the anniversary of unrest in Jakarta two years ago — and also on Aug. 17, Indonesia's independence day.

Ethnic Chinese have been traditional targets for violence in Indonesia during

times of troubles because of their better economic circumstances. The Chinese making up less than 5 percent of the total Indonesian population — control much of the nation's economy.

Political analysts say Indonesia needs to regain the confidence of the Chinese community and three Back billions of dollars in "flight money" to reassure foreign investors and to mend the nation's declining economy.

■ Exodus From East Timor, Too

Clinging to their most prized possessions, hundreds of people - mostly immigrants from neighboring islands - crowded onto a ship Friday and fled East Timor.

They feared that a commemoration on Friday of the anniversary of Indonesia's annexation of the territory would bring fresh violence, The Associated Press reported from Dili, the capital.

Hundreds of soldiers armed with sticks and rifles patrolled the tense streets of Dili. A flag-raising ceremony outside the main government building to mark the anniversary went ahead peacefully.

Thousands of people have left East Timor in recent days amid worries that independence activists might use the anniversary to demonstrate, touching off clashes with security forces. Since last month, soldiers have killed two protesters during rallies.

Strong Quake Hits Taiwan; 4 Are Killed And 19 Hurt

The Associated Press TAIPEI - A strong earthquake struck Taiwan on Friday, causing rock slides on a southern mountain that killed

at least four people and injured 19. The quake, with a preliminary magnitude of 6.2, was felt throughout Taiwan and on the coast of mainland China. It was centered about 14 kilometers (8.5 miles) west of Alishan, known also as Mount Ali, about 300 kilometers south

A hotel in the town of Rweili on the scenic mountain suffered serious cracks, and four staff members were injured, said Mo Hwei-tsu, head of the Taiwan Rescue Center.

A landslide buried the exit of a tunnel, killing one person. A driver was killed on a mountain road by a rock slide, and two other people were killed by falling rocks, the Rescue Center said.

A policeman, Tseng Ta-lin, said mountain roads were blocked and that bridges had collapsed. He said beli-copters had ferried about 10 injured people to hospitals. Rescuers were rushing to the mountain areas, where scores of tourists were possibly trapped, he said.

State radio said parts of a railroad line had caved in and that several cars were damaged by falling power poles. Reports said the epicenter was only 500 meters underground, making the local

impact very strong.
On the Chinese mainland, 130 kilometers across the Taiwan Strait, an official at the Fujian Provincial Seismological Bureau said the quake "was felt quite strongly along the seaboard." The official, who refused to give his name, said damage was unlikely. Earthquakes are frequent in Taiwan,

but most of them are centered deep under the sea and cause little damage. Officials said this was the worst earthquake to hit southern Taiwan since 1964, when a quake killed 106 people, injured 650 and burled 10,500 homes.

Court in Singapore Rejects Appeal by **Opposition Leader**

SINGAPORE — Singapore's Court of Appeal dismissed on Friday an appeal by the opposition leader losing leyaremam in a defamation case and raised the damages he must pay to Prime Minister Goh Chok Song five field MAV.

Mr. Jeyaremam, the leader of the Workers' Party, also must pay costs.

which his attorney had estimated earlier could be as much as 2 million Singapore dollars (\$1.2 million).

The three-judge court, which included Singapore's chief justice, raised the damages to 100,000 Singapore dollars from 20,000. The court cited errors by the trial

judge in the case brought by Mr. Goh. First, he erred in his finding that there was no express malice on the part of Mr. Jeyaretnam," the judgment said. Secondly, he failed to give sufficient weight to some of the relevant aggravating factors, Thirdly, the award of 20,000 dollars is totally disconsonant

with precedent cases." The appeals court said that the ordinary man, having heard Mr. Jeyaret-nam's fellow party member Tang Liang Hong vow 'to protect his reputation and integrity" and then from Mr. Jeyaretnam that Mr. Tang had filed police reports against Mr. Gob, would conclude that a police investigation would

BOOKS

BRIEFLY

Argentine Mothers Protest at Videla

BUENOS AIRES — The human rights group Mothers of Plaza de Mayo marched on the house of former President Jorge Rafael Videla on Friday, protesting his transfer to house arrest from prison pending trial for alleged kidnap-

The 73-year-old former general was taken home late on Thursday following a favorable federal court ruling, in line with a law benefiting prisoners over the age of 70 or terminally ill.

The judges are bigger murder-ers than Videla himself because they murder our chances of justice," Hebe de Bonafini said outside Mr. Videla's house, where she and 20 others staged the protest. Mrs. Bonafini is the leader of the white-headscarved Mothers.

Judge Roberto Marquevich de-cided this week that Mr. Videla should remain in custody until the trial. The judge suspects him of being "the intellectual author" criminally responsible for kidnapping and hiding children from victims of Argentina's "dirty war" from 1976 to 1983. (Reuters)

Cambodia to Check Election Monitors

PHNOM PENH - The commission overseeing the Cambodian elections is investigating reports that thousands of poli watchers may be closely associated with the ruling party or have bought their way into the monitoring process.

The National Election Commit-

tee has asked the Interior Ministry to help determine if people illegally purchased observer cards for the July 26 vote and, if so, how many, a

committee spokesman said Friday. Nearly 60,000 people have signed up to monitor the balloting, enough for five monitors at each of the 11,000 polling stations, and almost six times the expected number, according to the committee.

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Newspapers have reported that some of the observers may be loyal to Prime Minister Hun Sen's political party, the Cambodian People's Party, and could help perpetrate vote frand.

Dalai Lama Drops Visit to Taiwan

TAIPEI - The Dalai Lama, the Tibetan spiritual leader, said his exile government had increased contacts with China in the expecnation of reopening dialogue, a newspaper reported Friday.

In an interview at Ladakh, a Kashmir state, the Dalai Lama told the China Times that he had postponed indefinitely a planned visit to Taiwan to avoid provoking China

"Our contacts with China have increased in the last few months.' he was quoted as saying. "We also have expectations of the Chinese government. That's why I announced an indefinite postponement of my trip to Taiwan."

For the Record

The Mexican rebel leader Subcommander Marcos, breaking a four-month silence, has unleashed a virulent attack on President Emesto Zedillo, saying his economy was "imposed with bayonets, jails and cemeteries." (Reuters)

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THE AMERICAN CATHEDRAL OF THE HOLY TRINITY, Sun. Eucharist 9 8 11. Morning Prayer M.F. 9:15. Euchariste Prière HOPE INTERNATIONAL CHURCH ou soir an trançais, sam. 18h00, 23, avenue (Evangelical). Hotel Le Grand Noble, George V, 75008 Paris. Tel: 33 (0) 1 53 23 84 00. Metro: George V or Alma.

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BREMEN ANGLICAN EPISCOPAL COMMERNMY LB.C., Hohenlohesiz, Hermann-Bose-Str. Worship Sun. 17:00, Pastor telephone: 0421-78 648. 1st & 3rd Sundays 5 p.m., in chapel of Luisenheim, Kochsk. 2-4. Tek 49 (0) 721 BUCHAREST

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LB.C., Str. Xenopol nr. 2. This is next to ANGLICAN-EPISCOPAL COMMUNITY, Gradina Icoanel. 11:45 - 13:15. Contact meets at 5v. Lufteran Johanneskirche, 1st. Pastor Bill Bowers, Tel. 330-0273 or meets at Ev. Lutheran Johenneskinche, 1st. Pastor Bi Sun. 11 essept August. Adaben Sitter-Sit. 321-3472. 2,83052. Tet 49 (0) 80245415.

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LB.C., World Trade Center, 35, Draham Tzankov Blvd. Worship 11:00. James Duke, Pastor, Tel.: 971 - 2192.

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CHRIST, P.O. Box 513, Staurson, Indiana Rizz Str. 22 60323 Frankfurt, Ger., U1.23 Miguel-Alice, Tet. 49 (0) 69550184.

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CAPRICE AND RONDO

539 pages. \$27.50. Knopf. Reviewed by Brian Jacomb

By Dorothy Dunnett.

A FTER the success of her "Lymond Chronicles," a six-volume historical series featuring the adventurer Francis Crawford, Dorothy Dunnett embarked on a new series, "The House of Niccolo."

Set in 15th-century Europe during a period of temultuous changes and filled with a variety of vastly different locations, the series follows Nicholas de Fleury: Ignored as a child and reduced to serfdom, he was rescued by a compassionate Bruges widow, Marion de Charetty. Working in Marion's dyeing and brokering business, Nicholas becomes a highly respected merchant-mathematician and a force to be

reckoned with. "Caprice and Rondo" is the seventh novel in the "House of Niccolo" series. For the benefit of those not familiar with the earlier books, this volume begins with a brief (but illuminating) introduction outlining the events of the previous six novels.

As "Caprice and Rondo"

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opens, we find Nicholas, now traveling under the pseud-onym of Cola, with the pirate Throughout "Caprice and

Polish port of Danzig, modwinds from Siberia. The port is completely frozen in, and idle hands make for rough trolled debauchery.

Nicholas has escaped to Danzig from Scotland, where the mination of his family __ who had rejected him decades members of the family, who before—and crippling losses summar to those in power. Now he is bastard. being courted and bribed by various parties eager to make use of his brilliant mind. Nicholas's many talents ar-clude ciphering and naviga-tional calculation, mathemat-leaves you recling.

Passions explode in Dun-Nicholas's many talents in-

whips away the gloom and sets the reader down in the Crimean city of Tartars and series. Christians, with its crystalbine waters, hanging vine-yards, fig trees, cherries and peaches. In Caffa the houses are scented with flowers and the air sweetened by the smell

of ripe watermelons. Nicholas, now in the guise of a Mameluke and accomcomes to Caffa on the trail of hats and silken shoulders of

captain Pauel Benecke. Rondo" Dunnett interweaves
It's January of 1474 in the not only the hair-raising adventures of Nicholas but also Borselen, his estranged wife, profitable course. Another plot thread concerns one of he was apparently forced to the great mysteries through-divest himself of all his basi-out the series: the true story ness interests after causing surrounding Nicholas's birth and his rejection by noble

summarily dismissed him as a Throughout, Dunnett has planted tantalizing clues; just when you think you have the

music; he is also a master nett's novels, and not just the passions of just A remark-From the bleak and frozen able variety of situations maculate in her research, brillandscape of Poland in present the reader with complex and volatile imaginings. "Caprice and Rondo" has these qualities in common exquisite setting of Caffa, the with the other novels in the

events of great pomp and pageantry, such as a great Pentecostal Mass performed in the will have been a remarkable city of Thorn during a royal visit. The great square packed with jeweled mitres, panied by Countess Anna, the with golden crosses and high tion, wrote this wife of his lawyer, Julius, swaying canopies and the ington Post.

the nobility.

Another fascinating aspect Rondo" Dunnett interweaves of Dunnett's writing is her portrayal of vast armies on the move, armies of many na-tions, vastly different in their ern-day Gdansk, the bitter the tactical and brilliant busi-cold made worse by howling ness decisions of Gelis van battle tactics and maneuverability. Descriptions of armies who was given the reins of the have formed a part of each of Banco di Niccolo on Nichher novels. In "Caprice and sport, wild hunts, heavy olas's departure and who has Rondo' we are introduced to drinking followed by uncon- proved to be equally adept at the amazing sight of the court steering the business on a and army of Uzum Hasan, prince of Persia: "A swaying grove of thirty thousand caparisoned camels, the same number of horses and mules.

Six thousand carriages, cattle sheep, goats, hunting dogs, falcons and supercilious leopards chained in their carts. Noise was furious and the stench vile. When making camp this huge force stretched 30 miles in circumference."

Dunnett's skill at mixing historical events and personages with fascinating fictive characters provides for high adventure, royal intrigues, tions, Dunnett's is a style

second to none. Once again Dunnett has left the reader hanging by a Dunner again displays a close. If the final chapter of brilliance for describing Nicholas adventures many tains the same giddy pace, the experience.

cioth of gold and white satio, frequently on historical fit with golden crosses and high tion, wrote this for the Walt

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Missile Threats

Americans have not had to worry much about a missile attack on the United States. This past week a bipartisan commission concluded that North Korea, Iran and Iraq could obtain longrange missiles significantly sooner, and with far less warning, than current intelligence analyses project. The commission's view deserves serious consideration. But it should not set off a scramble to mount a new, nationwide missile defense system, as many Re-

publicans now advocate.

The panel included missile defense enthusiasts but also several arms control advocates. Its unanimous conclusions flowed from evidence, much of it classified, showing ambitious missile development programs in several na-tions and extensive Russian and Chinese help to strategic and commercial clients. It also cited wide-spread availability of old Russian and American missile designs and the ability of some countries to hide weapons development work from American intelligence satellites.

The commission concluded that America could not rule out the possibility that North Korea and Iran might be able to launch long-range missiles within five years and that Iraq might do so in 10 years. The CIA.

Since the end of the Cold War, which has looked at much the same evidence, suggested that the commission's estimates are based on unrealistic, worst-case assumptions and that with the possible exception of North Korea, no new countries could mount a

> Even if the threat turns out to be more imminent, the technology for longrange missile defenses is still experimental. Considerably more testing and evaluation will be needed before a reliable defensive system could be built. The Clinton administration's plan to proceed only with research programs for the next two years is appropriate.

Washington must also be wary of the hidden diplomatic costs of moving directly to construction, even if a workable system is devised.

Doing so would require changes in the 1972 treaty with Moscow that bans most long-range defensive missiles.

Treaty changes would have to be negotiated in a way that does not interfere with continuing efforts to reduce Russian and American nuclear arsenals. Russia's thousands of unneeded thermonuclear warheads are a frightening invitation to theft, diversion and accident, America needs to prepare for tomorrow's dangers, but not at the expense of ignoring today's.

preservation projects in honor of the turn of the millennium.

But the flag gift also reflects a wider trend, the buoyant rise of corporate and private philanthropy directed at cultural institutions — particularly museums and universities — since the

A Chronicle of Philanthropy survey this past week found that corporations reported an 11 percent rise in overall corporate giving this year, following rises of 8 percent last year and 3 per-cent the year before. Individual gifts, too, have attracted attention, often as stories of unexpected windfalls to particular institutions (such as the story of Mildred and Donald Othmer, an academic couple in Brooklyn who left to Brooklyn Polytechnic University,

One effect is evident even in places that, like the Smithsonian, long held long-range missile threat before 2010.

ic largesse now decorate everything from museum exhibits to music and theater programs, invitations to charity functions and even historical sites. American Express has a program that plows money into renovating sites on the Unesco world cultural heritage list — con lete with logos on site.

foundations that are the traditional grant-makers were heard to declare a few years back that they saw no prospect of being able to make up for envisioned cutbacks in social spending, arts and humanities, an outpouring of private money can only be

Does it fill the gap? The notable feature of the new philanthropy is its idiosyncrasy, its tendency to flow from stitution they know nersonally

-THE WASHINGTON POST.

Beware Monotheism When It Comes to the Market

VAISON-LA-ROMAINE, France
Like most gods, The Market, which will start the new millennium as the world's economic deity, has a complex personality. We had best understand it before breaking all other idols. Monotheistic economic worship can drive the world to disaster.

To begin with, like the Roman god Janus, the market has two faces, the free market and the global market. Beliefs about the free market have real religious aspects; it is a state of grace to be aspired to. Its acolytes treat it as the only true god, but it fits better into a pantheistic array. The global market is not so much an aspiration as it is a constraint on other aspirations. Both are more limited than worshipers believe.

Adam Smith contended that the free market provides the most efficient mechanism for allocating resources labor, capital, materials - to the production of goods and services, and goods and services to the satisfaction of peoples' wants. It works better than systems in which public authorities dictate prices, quantities and mixes of

Smith was right: Any doubts have been dispelled by the abysmal failures of planned economies from East Germany to North Korea to Central Africa. Freemarket efficiency is essential for overall prosperity and economic growth.

It is a limited truth, however. For one thing, the ideal of overall prosperity must be balanced against the some-times conflicting ideals of "fair" dis-tribution of the fruits of this prosperity

handing the ruling Liberal

Democratic Party a resounding

defeat in elections for the upper

The message could not have

come at a more crucial moment.

With the continuing Asian eco-

nomic crisis pushing hundreds

of millions of people around the

Pacific back into poverty, Asia and much of the rest of the

world are teetering on the brink

of a kind of calamity not seen

Making up more than two-thirds of total Asian gross do-

mestic product, Japan could be

an engine of growth along with the United States to help pull

Asia away from the edge. Over

the past several years, however,

stagnation and policy dithering in Japan have only exacerbated

of Asia, while Japanese import-ers have reduced their buying.

At the same time, a steadily

made Korean, Taiwanese and

Staggering under a mountain

house of the Diet.

since 1930.

the problem.

By Robert A. Levine

among people and nations, and of balance between privately used products and publicly shared goods and services such as defense, clean air and education. Further, although the free market is necessary for continuing growth,

it is not the only necessity.

Theoretical free markets distribute income to the suppliers of labor, capital and other resources according to the contributions these make to production. This may be considered fair, and if it is the argument ends there.

That definition of fairness is not based on economics, however, although some economists simply assume it. Fairness is defined by moral consensus. And real-world free markets distribute incomes very unequally, a distribution defined as unfair by the consensus in most nations. If so, democratic politics — in themselves a kind of a market have the right to change the distribution through taxes and benefits, even though that may reduce total national product. Focus on income distribution is one

reason for high unemployment in Europe, just as focus on national totals is one reason for abject poverty for some Americans.

In both cases the trade-off between total product and its distribution is a subject for political debate, not eco-nomic fiat. So is the trade-off between private consumption and things that must be publicly produced and shared like defense and perhaps education,

as well as shared costs like smog. Further, history shows that free markets produce uneven growth over time, a bumpiness that brought about the Great Depression as well as many lesser depressions. The two greatest economists of the 20th century examined these problems. John Maynard Keynes contended that public intervention, including budget deficits, could help cope with unemployment, the failure to attempt such intervention is another reason for European joblessness. Joseph Schumpeter showed that economic growth results from waves of

have troughs as well as crests. We may now be on the rise of an information/electronic revolutionbased wave. At some point we will go over the top and start down. Schumpeter believed that the free market encouraged such growth, but he detailed the costs in terms of "creative destruction" on the up as well as the down sides.

technological innovation, and waves

"But," many who accept this re-form version of the free market religion argue, "the market has become global. Flows of capital and information caunot be controlled; cheap labor in underdeveloped countries will inevitably substitute for expensive labor in the wealthy West. We cannot control the workings of the world market even if we want to."

For poor countries, this is close to an absolute truth, as the economic inability of Southeast Asia to resist the global market shows. But the argument does not extend from the poor and small to

the large and rich. The United State can resist — at a cost.

We can preserve jobs in the automobile industry at the costs of jobs in export industries and of higher prices for American car-buyers, and there may be valid social and political reasons for doing that. We can cease depending on foreign savings for a large portion of our investment in capital equipment; we will then have to save more and consume less ourselves. It will not drive us into poverty, it will merely slow us down. We can make such choices.

The same will be true for Europe if monetary union enables it to get its act together. It may be true for Japan: Economists otherwise dedicated to the free market urge Japan to depend more on its own consumption and less on the global market. Neither Southeast Asia or Russia has such choices; the West must choose how much to aid them. Not helping may result in misery, further drag of the global market on our economies and instability, particularly worrisome in a nation with thousands of nuclear warheads. Nonetheless, it is

Economics presents no absolutes. The free market is a central mechanism; the global market plays a constraining role, within which many political choices will be made. But here is no one god.

The writer was deputy director of the U.S. Congressional Budget Office from 1975 to 1979. He contributed this com-

Philanthropic Boom

The Smithsonian Institution, emerging from a decade of budget pressures, this past week announced the largest corporate gift in its history: a \$13 mil-lion donation from the fashion designer Raiph Lauren to preserve and restore the 184-year-old American flag that hangs in the National Museum of American History. The flag, said to have inspired Francis Scott Key during the War of 1812, is one of a list of national treasures highlighted for preservation under the White House's Millennium Program, a largely first lady-driven effort to attract attention and private money to cultural

U.S. financial boom began.

quintupling its endowment).

themselves aloof from logo-plastered

exhibits. Elsewhere, logos, brand names and other tokens of philanthrop-

Such brand-name philanthropy is nothing new, though it has grown by leaps and bounds as the traditional sources of funding weaken and, in a natural progression, as taboos against corporate labeling lapse. (Frequent visitors to an MCI stadium are that much less likely to have their sensibilities jarred by a Philip Morris dance series at Washington's Kennedy

And in a climate where the heads of

individuals to whatever charity or inbe a while before we can figure out whether the new public-private-corporate balance comes out to something approximating the overall need.

To Avert Calamity, the U.S. Must Help Japan Reform

By Clyde Prestowitz

W ASHINGTON — To the amazement of everyone, possibly including itself, the long-neglected and downtrodden Japanese electorate sent a nearly triggered a potentially the health of its banking system, disastrous Chinese devaluation to stimulate its economy by rejust before President Bill Clinton's trip to Beijing.
Joint U.S.-Japanese interloud, unexpected demand for change to its political leaders by

vention in the foreign exchange markets to support the yen stopped its slide and bought a window of opportunity" for introduction of new measures to revitalize Japan, and through them the rest of Asia.

Now the question is whether Japanese leaders will heed their public and act boldly before the window shuts and a further slide of the yen triggers a total meltdown in Asia and possibly the rest of the world.

While the decision of Japan's voters last week is a welcome change, it ironically creates un-certainty and the possibility of new leader. Therefore it is important that the United States and other countries move quickly to Japanese leaders must spell out reinforce and elaborate the message of the Japanese electorate.

of bad loans, Japanese banks have cut their lending to the rest leader is chosen to replace departing Prime Minister Ryutaro Hashimoto, President Clinton should invite him for a quick weakening Japanese yen has holiday consultation in Hawaii. The administration should reiterate that Japan must take im-mediate, bold steps to restore

generating consumer spending and to discourage further devaluation of the yen.

For the past several years, Japan's sick banks have been strangling the economy by cutting back on lending in an effort to repair their balance sheets and maintain capital adequacy.

Recently announced plans for a government-orchestrated "Total Plan" to take over and dispose of bad loans and possibly close insolvent banks while maintaining lending to creditworthy borrowers have been greeted with skepticism, because the criteria for separating the good from the bad were vague while the an-nounced two- to five-year time the same old thing.

To prove they mean business, the criteria to be used in judging which banks should be closed, and they must aim to complete the cleanup in six months. They also must pass legislation to enare guaranteed against loss.

To stimulate the economy, Japanese leaders have focused

erally rife with corruption and inefficiencies, such spending may be helpful in current circumstances and should be carried through as quickly as

This does not, however, address the problem of the extremely low level of consumer spending, which is a striking aspect of the current Japanese malaise. Although there has been talk of an income tax cut as a possible remedy, such a reduction would have only a limited effect because the vast majority of Japanese currently pay little or no income tax. What is really needed is a revamping of the tax system away from the

taxation of consumption. The United States should urge Japan to consider quick abolition of its consumption tax along with fevision of land use delay of important reforms as the frame segmed entirely too long, restrictions and the introduction LDP vacillates in choosing a In short, it looked too much like of mortgage-interest deduction. bility to stimulate buying of

appliances and furnishings. While all this is aimed at regained only by thorough deregulation and decartelization of sure that Japanese depositors Japan's business structure. Concrete steps to achieve such re-

form must be spelled out now. Weakening of the yen arises anese savers and investors can earn far more abroad than the half-percent interest now being paid in Japan. With any luck, the above measures will ameliorate further downward pressure on the yen, but the United States should agree to consider further joint exchange market interven-

tion while reform takes effect. Japan also could pursue voluntary restraint of exports that compete with those of other Asian countries to prevent fur-

ther pressures on them.
Finally, the U.S. president and the new Japanese prime 7 minister should call for an immediate extraordinary meeting of leaders of the Asia-Pacific Economic Cooperation forum to launch development of an Asian recovery plan that could be amounced at the fall APBC leaders' meeting.
Such a meeting should include the International Mone-

tary Fund and the World Bank new homes and accompanying and should focus on methods of providing greater stimulus to APEC's hard-hit economies.

omy, long-term health can be Plan was developed to save collapsing Europe. Now something equally bold is needed to rescue Asia.

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The writer, president of the Economic Strategy Institute. contributed this comment to The Washington Post

strongly on increased public partly from bearish expectations works spending. Although genother Asian exports less com-petitive in world markets and

Immigration: America's Cure for the 'Birth Dearth' were buried in the former imperial capthe Communists during the Soviet era. It sees the funeral as a trick by Mr. Yeltsin and other former Communists

Other Comment

ital of St. Petersburg Friday, exactly 80 years after he and his family were executed by their Bolshevik captors. Nicholas's remains, along with those of his wife, three of their five children and a number of servants, were held in

nine miniature oak coffins. The royal

The remains of Czar Nicholas II

Burying the Czar

rites were decided upon seven years ago by President Boris Yeltsin as an act of reconciliation with Russia's past. But the funeral fell short of what any self-respecting emperor has a right to expect. Few of those paying their final respects would make any social arbiter's A-list. The funeral also was boycotted by Patriarch Alexei II of the Russian Orthodox Church, traditionally a loyal supporter of the monarchy. A

local cleric conducted the ceremony. The church is unhappy with the funeral because it says it doubts the accuracy of the DNA tests that identified Nicholas and his family members, whose bodies were burned and doused with acid. The Communists, still a powerful political bloc, see the ceremony as a dark plot to discredit the

country's Soviet period. Russian émigrés who are loyal to the monarchy smell a different kind of plot, as does the Orthodox Church Abroad, which split from the Moscow

church after the revolution. The Orthodox Church Abroad has accused the Moscow church of collaborating with to curry popular support by bolstering their nationalist credentials.

That Nicholas died tragically is obvious. That he was responsible for bringing untold tragedy to Russia is also true.

Reactionary in outlook, committed to maintaining autocracy, vaciliating in character, he lacked the sense to recognize that Russia was sliding toward revolution, propelled in no small part by his own inept policies. In a famous letter to the czar in 1902, Leo Tolstoy warned of the "great evil you will bring to yourself and to millions if you continue on your present course. Nicholas ignored the advice. He plodded on, until the cataclysm of World War I ended the 300-year-old Romanov dynasty and brought to Russia radical and brutal change from which it is still trying to recover.

Some see Nicholas as a martyr of the Russian revolution. Certainly he was the most notable of its victims, but certainly, too, he and those who ruled and repressed in his name bear inescapable responsibility for helping make that upheaval unavoidable. -Los Angeles Times.

WASHINGTON — For de-cades now, the prospect of world overpopulation - and the impoverishment, resource depletion and ecological damage associated with it - has dominated our nightmares and permeated our politics. Population control, particularly Third World population, is something on which we all re-

flexively, vaguely agree. We may argue over whether abortion should be included among the means to achieve it. But the end - fewer mouths to feed is not in dispute. Maybe it should be. A startling and unjustly overlooked ar-ticle by Nick Eberstadt in the Public Interest (Fall 1997) ex-

plodes the conventional wisdom.

Drawing on the United Nations'

1996 report "World Population

Ecuadoran behind the register for it.

Domingo.

foreign-bom.

percent of the population.

as there is today in New York.

The Latin Face of New York

after all, where I have tried to dance the tango.

LIVE in New York City, the capital of English-speaking

culture. But I can go entire days without ever speaking English.

Recently I had one of those days. In the morning I didn't have exact

change for the bus, so I went into a Korean deli and asked the

On the bus, coming down Seventh Avenue, I tried reading but

was distracted by the stories of a Dominican mother who was

telling her young son about his grandmother's house in Santo

I closed my book and decided to notice New York's Latin face.

Behind me, two teenage girls chatted half in English, half in Spanish. I recalled how, at the Sunday rumba in Central Park, the

bata drums might as easily have been played by a Puerto Rican or

a Dominican as by a Cuban. New York, I thought, has shown me so

much of my own culture. It is here, not in my native Colombia,

New York has always been a city of immigrants. A 1998 report

by the Census Bureau shows that one out of five New Yorkers is

If at the turn of the century immigrants arrived from Europe.

today they are arriving from the Caribbean and Central and South

According to the Department of City Planning, the Latino community will soon be the largest minority in New York City —

surpassing even African-Americans, who now constitute about 24

New York is living the dream of Latin American unity that

— Silvana Paternostro, a Colombian-born journalist, This

comment was excerpted from an article distributed by

New York Times Special Features.

Simón Bolívar, the Great Liberator, held most dear. There never

has been the opportunity for Latin Americans to know each other

shows world population stabilizing in 40 years at 7.7 billion (it is just under 6 billion today) and, even more astonishing, declining thereafter.

This scenario posits no war or the job. It simply assumes that today's radical decline in fer-

fallen from 6 to just under 3. In America, where full-page ads for ZPG (zero population growth) still grace the tonier political magazines, awareness

By Charles Krauthammer

Prospects," Mr. Eberstadt finds of this historic change has been a quite plausible scenario that slow in coming. It has taken a

epidemic or other scourge to do tility worldwide continues. And radical it is. In the developed nations, the rate has fallen from 2.8 children per woman in the early 1950s to 1.5 today. In the less-developed nations, it has

while for Ben Wattenberg's warning about "The Birth Dearth," the name of his 1987 book on the dwindling population of the West, to take hold. On July 10, however, it received the imprimatur of The New York Times in a front-page ar-

ticle highlighting the unprece-dented population implosion now taking place in Europe. Not a single country on the Continent has a fertility rate high enough to maintain its current population. Italy, for example, is now the first nation ever with more people over 60 than under 20. In Bologna, there will soon be 25 people over 50

for every child under 5. Mr. Eberstadt estimates that in 1900 the median age in the world was about 20. In the mid-21st century it will be about 42. And in such countries as Japan, Italy and Germany, the median age will be in the mid-50s.

Result? Social disaster: children with no blood relatives but their parents; no brothers, sisters, aunts, uncles, cousins. Historic disaster: countries losing half their population every two generations. And economic disaster, not enough working young people to pay the pensions of the old.

And while Europe is committing suicide, what happens to the United States? Here in America the fertility rate is barely at replacement level. But we are saved --- by immigration. Immigration is a lifesaver not

just for bulking up our numbers. (And raw numbers matter: You can have the highest per capita income in the world, but if you've got no capita, you've got no income.) It illuminates one of the great paradoxes in American life: How is it that our schools are consistently among the worst in the developed world and yet we lead the world in science and technol-

ment in just about every field? The answer is simple. We import many of our best brains. Walk down any corridor in the laboratories of the National Institutes of Health, for example, and you will meet the best young minds from every corner of the globe. And many of them stay. Indeed, our computer industry is now begging Congress for an increase in the quota of skilled immigrants to cover our huge

shortfall in high-tech workers. The anti-immigrant demagogues warn that immigration is the road to Balkanization. They are wrong. At the start of percentage of the population) 50 percent more foreign-born today. And yet the Irish and Italians and Jews and Poles and Chinese and Japanese of that immigrant wave assimilated so remarkably into the American

mainstream that today they are the American mainstream. The problem today is not un-assimilable immigrants but an American educational clite that in the name of ethnic authenticity and multiculturalism, would like them to be unassimilable. Hence the imposition of such devices as bilingual education — a enphemism for slighting and delaying English instruction - that not just celebrate but perpetuate

ethnic separatism. California's Proposition 227, effectively abolishing bilingual education, marks a welcome rethis century there were (as a sense. Immigrants are our future. We owe a duty to them, and to ourselves as a nation, to U.S. residents than there are make them American as quickly as possible. We had better. Immigrants are the magic cure — the American cure for the birth dearth. Washington Post Writers Group.

IN OUR PAGES: 100, 75 AND 50 YEARS AGO

1898: Shanghai Riots

HONG-KONG - Serious rioiing is taking place in the French settlement at Shanghai, con-sequent on the closing of the Ningpo josshouse. All the available men from the French cruiser Eclaireur landed, with four machine guns, and the volunteers police and firemen were on duty all night Several Chinese were killed and wounded, and several foreigners were nurt by stones.

1923: Radical Wins

PARIS - [The Herald says in an Editorial: The election of Magnus Johnson to the Senate is of tremendous political significance. The candidate of a new radical party, a party saved from adopting the Moscow brand of communism only by a schism within the Moscow element, Johnson has beaten the two older parties in Minogy and research and develop- nesota. That a third-party cap-

didate should bear the candidate of President Harding represents a political revolution. This radicalism is a new kind evidently receiving much of its inspiration from the Moscow experiment

1948: Two Koreas SEOUL - The constitution for

all Korea was signed, but Korea remained divided between the Russian and United States Occupation Zones. Chairman Syngman Rhee, of the South Korea Assembly, signed the doc-ument offering the first self-rule in Korea's 4,000-year history. But for the present, the constitution applies only to American occupied South Korea. The Russians denied a United Nations commission entry into the North Korea Zone to observe an election; they announced formation of a North Korea "people's" government with its own constitution.

Herald Eribune

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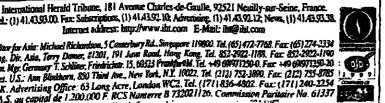
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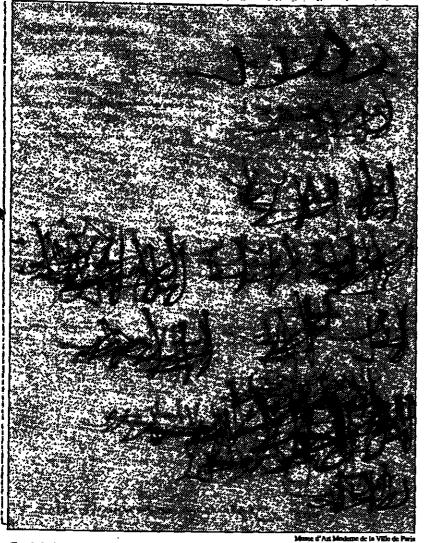
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Gysin's "Les Chansons de Marrakesh/Les Chants de Marrakesh," 1959.

Gysin Goes Home To 'Nowheresville'

By Kathryn Shattnck
New York Times Service

DMONTON, Alberta — "He just thought it was awful, nowheresville," William Burroughs said of Edmonton, the boyhood home of his great friend and collaborator Brion Gysin. Indeed, when a 16-year-old Gysin boarded a cattle car and headed east, he left behind this land of his "exile" and never looked back.

But the memories remained. As Gys-

in emerged as a creative force, he invoked, as if haunted, the vast horizons
of the Canadian prairie in his early Surrealist paintings and later desertscapes
of the Sahara and in his prose works,
perhaps most significantly his autobiographical novel. "The Process." Oysin died in Paris in 1986 at the age of 70,
the places of his childhood by then no
more than fragmented dreams.

Edmonton is no longer nowhereaville. The cattle town of 58,000 that Gysin fled in 1931 has exploded into an orrhan center just shy of one million, brimming with oil wealth and maintaining a sturdy intellectual life. Though Gysin shunned this "wrong place" that pummeled away at his psyche, the city is embracing Gysin as a native son with the first major North American retrospective of his works, at the Edmonton Art Gallery through Aug. 31.

Art Gallery through Aug. 31.

The show, "Brion Gysin: I Am That I Am," examines the output of a painter, writer, sound poet (in which works are chanted), tape composer, lyricist and student of magic who became a cult icon not so much for the impact of his works as for the scope of his ideas. The exhibition traces Gysin's career over 50 years: his involvement in Surrealism in Paris in the 1930s, his painting in Tangier in the 1950s, his development of the "cut-up process" with Burroughs at the "Beat Hotel" in Paris, his calligraphic abstractions in the 1960s and later his photo and text collages, which he laid over grids created by a rubber roller.

Nestled among the 200 works is a Dreamachine, a device that when viewed with the eyes closed is reputed to produce alpha waves that hit the optic incrve and induce visions. On the back wall of the main gallery hangs the 'show's indisputed centerpiece, "Calligraffiti of Fire," an enormous calligraphic painting in the style of a Japanese makemono, or folding book, which is read from right to left across 10 canvases. It was Gysin's last work; Burroughs wept at the sight of it.

Organized by Bruce Grenville, a curator originally with the gallery and now with the Vancouver Art Gallery, and Jose Ferez Kuri, an independent curator who also works with William Burroughs Communications in Lawrence, Kansas, the exhibition borrows heavily from the collections of the Musee d'Art Moderne, the Pompidou Center and the Galerie de France in Paris, as well as the Los Angeles County Museum of Art and the Spencer Museum of Art at the University of Kansas in Lawrence. It is scheduled to travel to galleries across Canada; negotiations are also under way for venues in Mexico City, Los Angeles

and New York.

The seed for Gysin's repatriation was planted by John Geiger, an Edmonton writer who first came across Gysin's name — and an allusion to Alberta — in 1991 in works by Burroughs and Paul Bowles. Stunned by his discovery, Geiger confirmed the Edmonton connection through a friend, Chris Cran, a painter from Calgary and a Burroughs fan himself. Geiger then contacted James Grauerholz, Burroughs's companion and manager, hoping simply to acquire a niece of Gysin's art. By the end of the Conversation, he had been persuaded to write Gysin's biography and invited to meet Burroughs, who gave the project — and Geiger — his blessing.

Gysin, born in England to Canadian parents in 1916, returned with his newly

Hidden Gems Among the Dutch Masters

By Souren Melikian

ONDON — An extraordinary occurrence at Sotheby's recently went almost unnoticed. A charming still life signed "JR. Le Blan," dated 1720, sold for a modest £5,175 (\$8,445). No one had heard of "JR. Le Blan" and this is what makes the occurrence remarkable: That a competent painting should be signed by a hitherto unknown artist, apparently Dutch (of Huguenot extraction?), says a lot about the potential for discoveries in the field of Old Master raintings.

Other previously unreproduced pictures could be seen in Sotheby's July 9 sale. An interesting composition by Ian Mortel had the sculptural precision often found in the best of Dutch still life painting in the late 17th and early 18th century. The art of that period, alas, is easily overlooked. The Mortel remained unsold at £9,000.

Most interesting for their novelty were two landscapes from another neglected period, the last two decades or so of the 18th century and the opening years of the 19th century. It suffers from the disregard affecting Dutch painting of the 18th century as a whole.

But if works executed until the 1770s were frequently derivative, a radical transformation came about during the later phase, which has yet to be recognized. Extreme attention was brought to small detail and greater care taken in giving landscapes a truly "natural" appearance. The rendition of light became more intense and crisper. The finest landscapes thus have a curiously hyperrealist touch.

The artists' names still mean little and prices can be very low. The most striking case was that of a landscape done by Johannes van Drecht (1737-1807) in 1783. A country lane winds around a clump of oaks seen in the glare of a storm that threatens to come. Beautifully preserved, the previously unrecorded picture will be seen as a seminal work painted at the height of the artist's maturity, the day a monograph does justice to his ocuvre. It cost a minimal £4,600.

If an unusually large view of the Roman Campagna by Hendrik Voogd did not suffer such indifference, this was due to special circumstances. The 118.5-by-112-centimeter (46.5-by-44-inch) picture was acquired directly from the artist in Rome in 1803 by an ancestor of the old, aristocratic Krug von Nidda family and holds an important place in the history of German art collecting. Voogd, all but forgotten today, was a

Picasso, Dali, Duchamp, de Chirico, fascinating character. Born in Amster-Man Ray and Max Ernst, who were all dam in 1766, he was already admired by the leading Dutch connoisseurs of the

day when he left in 1788 for Rome, never to return. In Rome, the Dutchman congregated with German artists and became friends with then famous painters, such as Joseph Anton Koch. To rich German Grand Tourists he was known as "the Dutch Claude Lorrain." There is indeed a faint touch of Claude's influence in the work, but the feeling is different.

Closer to nature, receptive to picturesque elements, it is much more dramatic in its light, thereby betraying the impact of the Romantic movement. The Dresden school of painting and its parallel development in Munich soon reflected the impact of Voogd and other contemporary Dutch painters. Voogd's picture is a major document in art history that will sooner or later grace some museum. The £100,500 it fetched at Sotheby's, tripling the high estimate, will then seem very reasonable.

will then seem very reasonable.

Discoveries of a different order turned up at Christie's on July 11. Rachel Ruysch (1664-1750) was the first great woman painter in European art whose ocuvre can be followed in detail through a fairly large number of still lifes. The Christie's sale included a previously unrecorded gem, possibly dating from the 1720s. Each blossom and plant is painted for its own sake in a sparse and strongly knit composition. The intense artificial lighting, inherited from the Caravagesque movement, gives it a dazzling quality. The Ruysch exceeded all hopes as it rose to £276,500.

Not all discoveries are expensive, particularly not those that raise unanswered questions. One of the most intriguing works at Christie's was a Flemish imaginary landscape done in the early 17th century. The excuse for the view is a tiny Saint Christopher seen wading through a river in the distance under the lurid light of the full moon. Painted in shades of brown and milky white, in apparent imitation of drawings in sepia wash heightened with white gouache, the small panel provides only one clue to its origin and, perhaps, authorship, an inscription in capital letters, "...TA'FIN," painted in the lower left corner. It has yet to be interpreted, a task that must be left to the inspired buyer who got the panel for £6,900.

Discoveries such as this may be commercially unimportant, but they are the pepper and salt of Old Master sales. Novelty coupled with the high quality of the art still available makes the field irresistibly attractive to those who have the money to operate at the top of the financial scale. Some wonderful pictures could be bought on Friday for a fraction of what Impressionist paintings of comparable quality would cost.

Jacob Ruysdael's landscape, with its

Interior of a house, painted by Jacobus Vrel, a contemporary of Vermeer.

admirable layered composition modulated by light, brought £661,500. It may not retain its erstwhile bloom, but it is a great work by a great master. In a decorative line, Willem van Aelst's still life, dazzling for its mastery, was bought for £573,500, double the high estimate, betraying growing awareness among informed buyers that supplies will not last for ever.

OR the time being, first-class acquisitions can still be made for less than £100,000, even in such well-trodden venues as Dutch school painting. An exquisite riverside view in lovely nuances of turquoise and ultramarine blue preserved in their pristine freshness thanks to the support, copper, rated among the most delightful discoveries in the July 11 salet Signed with Herman Saftleven the

Younger's monogram and dated 1663, the view is situated at Linz am Rhein by a period inscription in the back. At

the view is situated at Linz am khein by a period inscription in the back. At £78,500, it was worth every penny. For the same price, one could also buy one of only 38 pictures considered to be from the hand of Jacobus Vrel. Not much is known about this contemporary of Vermeer. Like the famous Delft master, Vrel painted carefully composed interior scenes in a delicate light in which solitary characters are lost in meditation. In the Christie's picture, an elderly woman is heavily seated in front of a fireplace, in the cool morning light coming in through a high window. It is an image of silence and dignity, a deeply religious painting without a religious subject — not the kind of art that lends itself to slick sound bites. But, then, great art rarely does.

South African Festival Seeks a Fusion Theme

By Donald G. McNeil Jr.
New York Times Service

widowed mother to her parents' home in Ontario at the end of World War I,

eventually journeying to Edmonton in 1921. His mother, a dominating woman,

fretted about her son's literary interests, fearing them to be "the breeding ground

for atheism" and concluding that "his only hope of salvation was the English

Catholic atmosphere." She arranged for him to spend two years at Downside, an

Gysin became an artist upon graduating in 1934. That same year he moved

to Paris, where he was an associate of

English public school.

RAHAMSTOWN, South Africa — Africa's premier arts festival, 24 years old this year, is having a little trouble defining itself.

The Grahamstown Festival, which ended Sunday, was founded as a fortress of the English language when professors of English and politicians feared that the Afrikaner nationalists in power would subsume their tongue. It started life as a Shakespeare festival, but now presents the country's — and sometimes the continent's — best in jazz, classical music, film,

theater, opera, dance and visual art.
Paradoxically, the fastest-growing festival in South Africa is the much smaller, 4-year-old Oudtshoorn Festival, in an ostrich-farming town not far away. It was founded to celebrate the Afrikaans language, which Afrikaners fear will fade away.

Balkanization of the arts isn't a serious threat because virtually every

Artists try to merge disparate cultures black and white.

educated person speaks English. That leaves Grahamstown more grand dame than guerrilla, but it clearly reigns, with 400 works performed up to 5 times each in 11 days.

Artistically, it was at its hottest in the 1980s when it was full of anniapartheid theater. The police attended plays but never shut any down in this remote town around Rhodes University, where white liberals could be left to shout slogans other. That way the government that banned books and censored newspapers could

boast that free speech was alive.

In attendance, Grahamstown's biggest year was 1996. Now there is a sense that the festival, lacking the camaraderic produced by linguistic or political threats, is groping for a

South Africa's artists are sick of the question: What are you going to write about now that apartheid is dead? In fact, the answer has been emerging for a while. Formerly taboo subjects like gay and lesbian love are common. Crime, in a country where political violence has given way to hijacking, murder and rape, is a pop-

two major dramas about the Truth and Reconciliation Commission. But the theme clearly on the rise is

ular topic. And last year there were

the one the festival had hoped would emerge: the tentative fusion of two very disparate South African cultures — black and white.

The festival's most coveted ticket was to "Ipi Zombi?" by Brett Bailey and his Third World Bunfight troupe, a musical so far off Broadway that it is conducted around a fire in an abandoned power station before an audience squatting on milk crates.

Bailey is a young white South African given a grant by Standard Bank, the festival's chief sponsor, to build a theater troupe in Grahamstown's black township. Before that, festival participation by blacks in the area was limited to guarding parked cars, waiting tables and singing and dancing on street corners for pennies.

Bailey's text comes from a real event. In 1995, 12 schoolboys were killed in a bus crash, and a rumor spread that 50 naked witches beside the road had caused it. Mass hysteria spread, and in the next three months two local women were "sniffed out" as witches and murdered; many more were forced to flee.

The Bailey-Bunfight production led to a tempest in the festival's inhouse paper, which is produced by Rhodes University journalism students, but dragoons the country's top critics into writing and editing.

The first review called it 'a work

of genins." An angry response from a critic for The Sowetan called Bailey a racist. A Rhodes student counterattacked, calling the play "a true picture of African spirituality."

Because professional theater in this

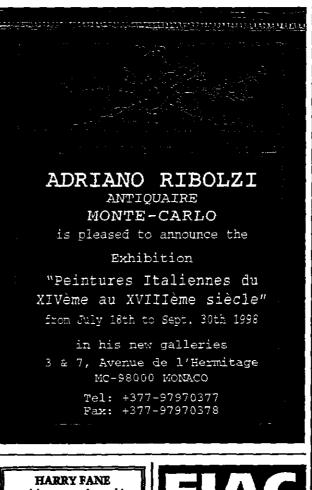
Because professional theater in this country was long made by whites for white critics, the paper's editors were relieved to have three black critics in the fight, which then split along a new South African schism, urban black sensibilities versus rural ones.

Bailey shrugged off the dispute, saying: "We live in an ideological minefield. No matter what step you take, you get he odded "the feetival's."

take, you get into conflict."
"Look," he added, "the festival's
Young Artist of the Year is a black
guy working with white classics, and
he's being hailed."

He was referring to Bongani Ndodana, a 22-year-old classical composer whose oratorio "Uhambo: The Pilgrimage" was one of the festival's most heavily publicized events. Ndodana's work was based on the epic poem "Pilgrimage to Dias Cross" by Guy Butler, the 80-year-old professor of English at Rhodes University who founded the festival.

Next year, for its 25th anniversary, the festival will take fusion even further, lengthening its run to two weeks and spending a bigger budget to bring in artists from all over Africa. ARTS



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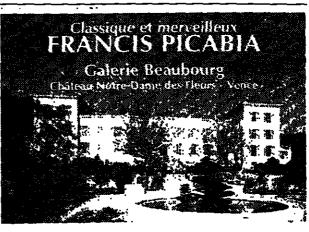
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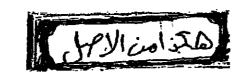




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Peace Park Will Honor The Fallen at Gallipoli

Turks Plan a Monument to Reconciliation

By Stephen Kinzer
New York Times Service

GALLIPOLI, Turkey -- Here at the place where a half-million men fell during one of the fiercest battles of World War I, the Turkish government is planning to open a peace park dedicated to the memory of the dead and the ideal of reconciliation.

During the grim days of 1915, when this spit of land was being soaked in blood, it must have seemed inconceivable that the place would ever come to symbolize anything besides carnage and the waste of young lives. But the recent announcement that a Norwegian team had won an international competition to design the new park crowns more than 50 years of growing friendship among the nations whose soldiers died here.

"The Norwegian entry is very subtle," said Raci Bademli, a professor of urban planning at Middle East Technical University in Ankara, who coordinated the design competition. 'It is not intrusive, and does not include any large buildings. Instead it is based on footpaths that take visitors around the site and create a kind of story for each individual. There will also be small niches that give visitors a chance to think or speculate or reflect on what they are seeing and what it means for the idea of world peace. Everything is in harmony

with the existing topography."
Professor Bademli said he was pleased that a Norwegian team had won the design competition. Because Norway was not involved in the Gallipoli battle, he said, Norwegian planners would come to the project without national preconceptions and would be drawn to the universal aspects of the tragedy that was played out here. The Gallipoli Peninsula was declared

a national park in 1973, but since then a number of illegal structures have been built on beaches where Allied troops landed and around nearby villages. The largest of the villages, Gelibolu, is known in English as Gallipoli and gave its name to the military campaign.

Plans for the peace park call for removal of these structures and an end to forestry operations that have sprung up. Most of the work is to be finished by the end of next year.

spires awe and reverence. There are 31 cemeteries here, but many of those who died lie in unmarked mass graves. Since most of the fighting took place in an area little more than 5

size, almost everywhere a visitor treads is likely to be a soldier's grave. "Trooper G.R. Seager," reads the simple gravestone of an Australian: "7 August 1915. Age 17. He Died a Man & Closed His Life's Brief Day Ere It Had

square kilometers (2 square miles) in

Scarce Begun."
The assault on Gallipoli was planned by First Lord of the Admiralty Winston Churchill and other British strategists as a way of opening the Dardanelles Straits to Allied warships. The strategists wanted to be able to supply Russia by sea to the Black Sea ports and thus ease pressure on France and Belgium by opening a front

against Austro-Hungary in the east.

Britain was at the height of its imperial power, while the Ottoman Empire, then allied with Germany and Austro-Hungary, was in its death throes. But the invading force, which was dominated by soldiers from Australia and New Zealand, found Turkish defenders

astonishingly tenacious. For most of 1915, both sides fought from trenches that were often less than 10 meters apart. Finally the Allied invaders were forced to withdraw in defeat, many of them recording in letters and diaries their new-found respect for

Turkish fighting men.

Not least among the results of the campaign was the emergence of the young Turkish officer who went on to found the Turkish Republic, Kemal Ataturk. In 1934, while he was president of the republic, he learned that a group from Britain, Australia and New Zealand was visiting the site, and he sent a remarkable message:

Those heroes who shed their blood and lost their lives," he wrote, "you are now lying in the soil of a friendly country. Therefore rest in peace. There is no difference between the Johnnies and the Mehmets to us, where they lie side by side here in this country of ours.

"You, the mothers who sent their sons from faraway countries, wipe away your tears. Your sons are now lying in our bosom and are in peace. After having nd of next year.

Even as it stands today, Gallipoli inlost their lives on this land, they have become our sons as well."

Bhutto's Spouse Charged in Switzerland

GENEVA — A Swiss judge said Friday that he had charged the husband of former Prime Minister Benazir Bhutto of Pakistan with money laundering and was clearing up details before charging Miss Bhutto herself.

'Questions of procedure' need to dicted, said the judge, Daniel Devaud. The charging of Miss Bhutto's hus-

band, Asif Ali Zardari, follows the indictment in June of three Swiss citizens linked to Miss Bhutto, who was ruption and misrule. She has denied concocted by political opponents.

Miss Bhutto was in the United Arab
her assets in documents she elections in February 1997.

Emirates on Friday visiting her chil-dren and could not be reached for comment immediately.

Since the dismissal of Miss Bhutto. Mr. Zardari has been jailed in Pakistan on various charges, including murder and corruption.

Judge Devaud said bank documents be dealt with before she can be in- relating to the case in Switzerland would be handed over to Pakistan in the coming days.

The Swiss indictment of Mr. Zardari came a day after a Pakistani court issued an arrest warrant for Miss Bhutto dismissed in 1996 on charges of cor- after she failed to appear in court in Lahore on a charge of corruption. She the charges, which she contends were is accused of failing to declare some of her assets in documents she filed before

CZAR: Yeltsin Pays Homage to Nicholas II

Continued from Page 1

might not be authentic.

event himself by first refusing to attend and then, only one day ahead of the through violence are doomed." reburial, changing his mind. Other politicians jumped to join in.

The zig-zag, so characteristic of the impulsive president, made for protocol confusion. No foreign heads of state attended. Some countries sent ambassadors, others dispatched lower offi-

Mr. Yeltsin rose to the dramatic oc-

AIDS: Trial in France

Continued from Page 1

That tribunal, composed of six members of Parliament, six senators, and three judges of France's highest court, the Cour de Cassation, will try Mr. Fabius and his two colleagues if the decision Friday is upheld.

Four of the legislators on the tribunal are members of Mr. Fabius's party, which controls the National Assembly but not the conservative-dominated Senate, and eight are conservatives.

A state prosecutor had recommended dismissing the charges. Francois Bayrou, a conservative legislator, said Friday, "It wouldn't be right to make the elected officials of the time the scape-

goats for a whole system." Mr. Fabius was elected speaker of the National Assembly after a Socialist-led coalition won parliamentary elections

Representatives of groups formed by

the victims had mixed feelings. "We are shocked by the fact that the most important health crime of the 20th century is being characterized as an ordinary crime," said Olivier Duplessis, for

the Association of Transfusion Victims. Sabine Paugham, a lawyer for an association of hemophiliaes, told LCI Television, "Involuntary homicide" does not satisfy me one bit, because I think that nothing was involuntary.

For all of Mr. Yeltsin's appeal for The patriarch of the Russian Orthodox Church, Alexiy II, boycotted the ceremony on the ground that the remains ron saint," Lenin.

"We stand against those who were in Mr. Yeltsin threw confusion on the charge of this criminal act," Mr. Yeltsin The murder of the czar and the others

took place in the basement of a merchant's house in Yekaterinburg, a Urals city where the czar and family ultimately were held captive after their exile from St. Petersburg, then the imperial cap-

The killers lined up Nicholas, Empress Alexandra, and their children, Olga, Tatiana, Marie, Anastasia and Alexei, as if to take photographs.

The execution squad opened fire, also killing Anna Demedova, who was Alexandra's servant; Yevgeni Botkin, the family doctor, Ivan Kharitonov, the cook, and Alouzy Trupp, the czar's civilians that swept across Bosnia.

valet. The members of the Red Guards execution squad bayoneted anyone who survived the bullets.

The panicky killers first tried to burn the bodies then buried them. The remains of Alexei and Marie have never been found.

Historians regard the executions as the initiation of a policy of terror that in about 100 ethnic Albanians, most of them the decades ahead would take the lives of millions of Russians and other citizens. In 1918, a memorial service for the

czar was held in St. Petersburg. Patriarch Tihon presided. The Communists would later persecute and kill him. On Friday, the lead priest at the Peter

in Bosnia to kill Muslims and Croats and and Paul Cathedral never mentioned the names of the victims being laid to rest. "God knows the names," the priest expel them from their homes.

Fifty members of the Romanov family gathered for the rites. Mr. Yeltsin's ritory. "I saw a black hat unit line up 13 civilians and shoot them. They stripped decision to attend buoyed their mood. Some were moved to tears by the closing the bodies of their clothes, slashed the of a family saga.

Mr. Yeltsin's aides had a brief scare at out their eyes. They used an excavator to

the airport when he slipped on the steps dig a pit and bury the bodies." from his jet. It seemed he had simply "I will never forget this sight," he

Accompanied by his wife, Naina, he waved enthusiastically at bystanders along his motorcade route.

cluding one group of 15 people, lined up of those picked up return after a few He walked unaided and firmly into the by the side of road." cathedral and again past the tomb on his in single file by the black-uniformed



transferring \$925,000 to the United States in 1993 and, since 1991, evading \$1.6 million in taxes.

U.S. Role Crucial in Moscow Rescue

Fearing Economic Collapse, Washington Pushed for IMF Reversal

By Michael R. Gordon and David E. Sanger New York Times Service

Seven weeks ago the chief of the International Monetary Fund, Michel Camdessus, assured the world's financial markets that there was no reason to panic about Russia.

"Contrary to what markets and commentators are imagining," Mr. Camdessus insisted as investors were fleeing the Russian markets, "this is not a crisis. This is not a major development." This week, in a complete reversal, the

IMF and the Russian government announced a bailout package that will inject \$17.1 billion in new loans into the beleaguered nation's system over the next 18 months. The Clinton administration was the

driving force behind the reversal, impelled by the specter of Russia's financial collapse. U.S. Treasury officials were worried that while negotiations with the Russians dragged on over forcing real economic change, the political peril to the government of President

Boris Yeltsin was growing.

They pressed the fund to nearly double the amount of money it was willing to lend to Russia, even though it depleted the IMF's own resources for spreading beyond Asia.

The Russian saga again casts a spotlight on the critical decisions made by the IMF at a moment when the Asian financial crisis has made the institution more powerful than at any time in its 52year history.

IMF critics charge that in this case, fund officials underestimated the gravity of the crisis and dragged out the negotiations while the markets turned against Russia and the eventual cost of the bailout rose.

IMF officials counter that it would have been a waste of money to offer yet another bailout to Russia without excollective repentance, he put specific tracting a commitment to fundamental economic changes that are painful and

politically unpopular. By last week, the negotiations turned into a race to rescue the Russian economy before the government's financial reserves were exhausted.

Without new funds, Russian officials feared they would run out of money to chemical that multiplies the red blood prevent a default on Russia's debt and prop up its currency by the end of the

The final package is not a permanent solution; it buys time for what U.S. officials believe is the most reformminded government in Russia in years.

Continued from Page 1

Visits to six of the sites where kid-nappings and executions by Serbian forces are said to have taken place yiel-

ded accounts by witnesses and a look at

the bodies of some of the victims. But the

precise number of those executed is dif-

from each area, it appears that a total of

men of fighting age, have been rounded up and shot, usually in groups of fewer than a dozen, in the last five months.

One man, Ndue Biblekaj, said he wit-

nessed abductions and executions by

members of the notorious Serbian

'black hat" unit, which was employed

There were massacres in the village

of Drenoc and Vokshit near Decani," he

said in an interview in rebel-held ter-

arms and legs with their knives and dug

said. "There were other executions that

included women, children and the el-

derly. You could see the bodies, in-

The detained men were often marched

Based on the accounts of witnesses

ficult to determine.

went directly to the power behind the IMF: the Clinton administration. He sent to Washington the Russian with the most credibility in the West, Anatoli Mr. Chubais had left his top Kremlin ost as part of the shake-up that brought

Mr. Kiriyenko to power in the spring. He now runs Russia's electrical monopoly, United Energy Systems.
Arriving just before the long Memori-

al Day weekend, the Chubais team headed straight for the Treasury building next to the White House. They came not for money but for

reassuring words of praise and for a public commitment from Mr. Clinton that if Russia needed more aid, the United States would lend its support. The next morning, Mr. Chubais and

his associates drove through the diplomatic enclave of northwest Washington to the home of Strobe Talbott, deputy secretary of state and a longtime Russia

Mr. Talbott told them that Mr. Clinton was willing to support additional financial help to Russia under the right con-

The Russians drove on to the home of Lawrence Summers, deputy Treasury ecretary, in the Maryland suburbs. David Lipton, Treasury undersecre-

tary for international affairs, and other top Treasury officials were there. Over bagels, muffins and orange juice, Mr. Chubais made his appeal:

Washington had an historic opportunity to help Russia. As the conversation shifted to tactics,

the group decided that the United States would send a signal that it stood behind Russia's budget under control.

With the economic situation continuing to deteriorate this month, Mr. Yeltsin

The next morning, a Sunday, Mr. Clinton issued a brief statement saying the United States would support assistance with "conditionality.

Quietly, the IMF and the Russians opened negotiations over the rescue package. Their focus was not on how much money was peeded, but on what Russia had to do to qualify for the

In a confidential memorandum, the fund handed Russian officials a tough list of demands A main one was that the Russian budget deficit had to be drastic-ally reduced from 5.5 percent of the nation's output to between 2 percent and 2.5 percent. But the Russians were worried they could not meet such an ambitious target.
As the negotiations dragged on, the

Russia economic picture worsened. Returning from Mr. Clinton's nine-day trip to China, U.S. officials focused anew on Russia and were alarmed by

what they saw The sense of crisis was driven home when the Russians offered record interest rates at an auction for Russian treasury bills on July 8 but were unable

to attract enough buyers. Now, Mr. Chubais and other top

Yeltsin aides were desperate. Mr. Chubais argently appealed to Washington and, at Treasury's urging, the IMF doubled its offer to Russia to \$11.2 billion. The World Bank kicked in several billion more. Japan made good on a \$1.5 billion loan promised to Mr.

Yeltsin last April. The IMF insists that its tough approach worked. Mr. Yeltsin committed himself to a far-reaching effort to get

TOUR: Coach Admits Team Got Drugs

Continued from Page 1

week at the French-Belgian border, near Lille, and his official Tour de France team car was found to be full of drugs. The amount and exact specification of the drugs have not been made public, but they reportedly included amphetamines. steroids, masking drugs and EPO, a corpuscles that carry oxygen to

All of these are illegal in the sport of bicycle racing, and EPO especially is considered to be lethal since it thickens the blood and is suspected in dozens of deaths, attributed to heart attacks, were transported to Lille on Friday.

local water treatment plant, which was

Mr. Biblekaj, an ethnic Albanian,

served for eight years in the police force in the border village of Junik. He was

part of the Serbian force that recaptured

Decani from the rebels in June. The

Serbs shelled the town, reducing whole

armored personnel carriers, blasting

holes in the walls of houses and driving

nearly the entire population over the

mountains into Albania. Mr. Biblekaj

has deserted the police to join the rebel

movement. He changed sides after the

attack on Decani, because, he said, he

Repeated attempts to inspect two sites

suspected of being mass graves in a

wooded area near the deserted and badly

damaged town, still the scene of frequent

armed clashes, were thwarted by special

Odalovic, a Serb in a province that is 90

percent ethnic Albanian, denied that the

disclose the names or location of those

Not every ethnic Albanian who is

ill treatment at the hands of the police.

The governor of Kosovo, Veljko

was appalled by the killing there.

commando police units.

taken into custody.

sections to rubble. They sent in tanks and

used as a command center, he said.

among amateur and professional

Voet at first insisted that the drugs were for his personal use but then reportedly said that he was taking them to Dublin, where the 85th Tour started last Saturday, at the order of Festina officials, including Roussel, the directeur sportif, or coach. Voet was said to have told the police that he was to turn the drugs over to Dr. Eric Ryckaert, 52, a Belgian and the Festina doctor.

Both Roussel and Dr. Ryckaert, who

have denied the charges, were taken into police custody Wednesday in the city of Cholet, where a Tour stage ended. They

KOSOVO: Abductions and Executions of Civilians Are Reported

residents into a house owned by Shair

village hiding behind a wall, said he saw

60 or 70 women and children ordered out

of the house as Serbian forces burned

neighboring homes. The women were

told to walk acros: a field to Vasiljevo, a

were brought out moments later and told

said, referring to two men. "As they walked away they were shot by the po-

lice. Sefer Qorri, 10 minutes later, was

brought out of the house and told to walk

"Hajirz Hajdini and Mahmut Berisha

neighboring village, he said.

Fazli Berisha, who was outside the

good possibility that second-quarter GDP growth could be negative." The possibility of inflation, which had

Interior Ministry commando unit to the number of killings occurred in the villages of Likosane and Cirez at the end of and the financial markets for months. appeared to have dissipated, and spec-ulation turned to whether the Fed's next bruary, in the village of Prekaz in the first week of March, in the village of Poklek at the start of May, in Ljubenic at the end of May and in Decani in June.
On May 30, special police units over into a recession. entered Poklek and ordered most of the

several years it has combined steady expansion, low unemployment and low inflation, setting off a debate about whether the United States had entered a new economic era_

second-quarter slowdown is a temporary blip or whether it is the beginning of a more fundamental downturn. To a large extent, the answer will depend on whether Asia-induced weakness from abroad, to walk in the opposite direction," he which is primarily affecting manufacturers and farmers, will worsen and in-fect the consumer and service sectors of the economy, which so far have kept in this direction. He was shot in about the

same spot." The villagers said they later found the body of Ardian Deliu, a 17police had executed anyone. Serbian ofyear-old youth, near Vasileva, about two Hancock, the Boston-based insurance ficials, as a matter of policy, refuse to miles away, but they said nine men re- company. "The second half of the year main missing.
On June 8, Fred Abrahams, a restart to recover, which should stanch the searcher at Human Rights Watch, spoke hemorrhaging of our trade deficit."

JAPAN: 2 Top Men in Race

Continued from Page 1

never been necessary in the past. "Tthink a Big Bang is now happening in the LDP," said Minoru Morita, a political analyst who has been a leading doubter of the ability of the Liberal Democratic Party to change with the times. "This will be a real election."

Certainly skeptics abound, and some of the more cynical suspect that the party may be orchestrating its presidential race as an elaborate Kabuki play designed to assuage critics with the appearance of change.

Some suspect deals have already been

cut to ensure the selection of Mr. Obuchi, the favorite of the party's powerful Old Guard. They suggest the elders have promised to install Mr. Kajiyama in a top cabinet post, perhaps minister of fi-nance, in exchange for his participation in an election that satisfies angry voters and younger party reformers who want the party to change. One sign of confidence among the elders was that Thursday, in the middle of this crisis, the party's chief kingmaker, former Prime Minister Noboru Takeshita, flew to China. Had he been worried about the selection of Mr. Obuchi, his candidate, he never would have left, observers

But even many who doubt the party is capable of changing its hidebound ways overnight say it is being compelled to change by forces larger than itself: the fear that international financial markets would punish Japan for settling for business as usual in a time of such economic danger, and a newly assertive Japanese public threatening to destroy the party in future elections if it fails to show more agile and responsive leadership.

'It feels real, but we won't know until afterwards whether this was all Kabuki," said Richard Medley, an international investment adviser with close contacts inside the party. "But all of a

sudden, you've got a race. Analysts said changes in the Liberal Democratic Party stem from the weakening of factions that dominate the party because of electoral system changes adopted in 1996. Under the new system, more of Japan's voting districts are represented by a single lawmaker elected by a majority vote, instead of a group of lawmakers selected by proportional representation. The new system has tended to favor candidates with the strongest positions on issues, rather than party lovalists who are elected on the strength

of local party chapters.

Minoru Morita and another analyst, Takayoshi Miyagawa, said the new system has produced new members who are much more difficult for party leaders to control. Young members are less willing to be bought off by party bosses with promises of jobs or money for their constituencies, they said.

Some of those reform-minded lawmakers are supporting other potential candidates, Health Minister Junichiro Koizumi, 56, or Yoshiro Mori, 61, head of the party's decision-making General Council. Neither has said whether he would run. Candidates have until Monday to formally declare their candidacy.

The consensus of most analysts here is that Mr. Obuchi is the favorite, despite his glaring lack of credentials to help with Japan's critical economic prob-lems. Mr. Obuchi, 61, is an undistin-guished but well-liked veteran whose turn has come on the seniority ladder. As nominal leader of the largest and most well-organized faction in the party, and with Mr. Takeshita's backing, Mr. Obuchi would normally be considered an almost automatic selection.

Mr. Kajiyama, 72, is a former chief cabinet secretary who has become deeply involved in economic reforms in the past year. He frequently criticized outgoing Prime Minister Ryutaro Hashimoto for being too timid in reforming Japan's banking and financial sectors. Somewhat by default, he has now emerged as the darling of the interna-tional markets, who believe his selection would be far healthier for Japan's economic recovery than Mr. Obuchi's.

TRADE: U.S. Deficit Grows

Continued from Page 1

preoccupied the Federal Reserve Board

move might have to be to reduce interest rates to keep a slowdown from tipping The American economy has grown steadily since March 1991. For the last

The question now is whether the

humming along. "This may be as bad as it gets," said Michael Fenollosa, an economist at John should see Asian economies stabilize and

picked up by the police disappears permined at rauman regions with Zahrije Podrimeaku, who witnessed the attack on Poklek. An hour briefing reporters on the trade figures. manently, but the fear of being seized has become common in these villages. Many of those picked up return after a few was arrested by Serbian police officers in has slowed but said that was occurring days, complaining of beatings and other Pristina, the provincial capital. She was after a very strong first quarter. He precharged a week later with involvement in dicted U.S. growth for the year, despite According to witnesses, the largest terrorist activity. She remains in jail. the Asian troubles, would be healthy.

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BUSINESS/FINANCE

SATURDAY-SUNDAY, JULY 18-19, 1998

INTERNATIONAL MANAGER

Driving Ambition: VW Takes Fast Lane

Piech Moving Auto Company Upscale

By Edmund L. Andrews New York Times Service

WOLFSBURG, Germany — It isn't the truck business, whether by acquienough to buy Rolls-Royce Motor Cars and Lamborghini SpA, the Italian sports car manufacturer. Ferdinand

Mr. Piech has the money. In the five Piech, the Volkswagen AG chairman, also wants to build a monument to the

million near Volkswagen headquarters here, is a testimony to Mr. Piech's more upscale Audi. consuming ambition. It will feature at Thanks largely t least eight separate pavilions to show-case Volkswagen's which went on sale in the United States in March. Volks-

It will also include a luxory hotel, a yacht. pier and a museum that will let people testdrive cars in virtual

Well, why not? The company that pion-eered the homely, nofrills Beetle is moving upscale. After a fierce bidding war against BMW AG, Volkswagen completed its purchase of Rolls-Royce, which also makes Bentley roadsters, for nearly \$800 Mr. Piech has helped VW million this month.

That came on the heels of an agreement for VW's Audi Porsche family - the plebeian Volksunit to buy Lamborghini, for what is wagen side rather than the patrician thought to be about \$100 million. And Porsche side. it recently entered a joint venture with Porsche to build luxury sports utility

This series of rapid-fire actions, along with other moves, has startled Volkswagen's rivals and excited investors, who are swapping endless rumors about Mr. Piech's next deal. But at Volkswagen headquarters, did not while it might seem hard to imagine the Beetle and the Bentley under one roof - "Volls Woyce," as one cartoonist. envisioned it - Mr. Piech appears to be extremely serious.

"The umbrella strategy is that we want to provide mobility for everybody's needs," said Jens Neumann, chief financial officer of Volkswagen and a board member. "We haven't diversified in the old sense of the word, into a conglomerate. We are in the

Among other things, that is likely to mean a concerted attack on the luxury markets dominated by BMW and Daimler-Benz's Mercedes, perhaps by

a line of lower-priced "Baby Bent-leys" from a re-engineered Rolls-Royce. It also means an expansion in

years since he became chairman, Volkswagen has recovered from its catastrophic decline and become a huge company he rescued from decline.

"Auto City 2000," a theme park being built at a cost of nearly \$400 rapidly, powered by popular new versus for the company has been an experience of the control of the tk money machine. Sales are climbing sions of the Volkswagen Golf and the

> Thanks largely to the new Beetle, in March, Volks-wagen's U.S. sales soared 50 percent in

the first half of 1998. Volkswagen's expanding profit margins have allowed it to accumulate enormous amounts of cash currently about \$10 billion.

Mr. Piech wants more. As the grandson of Ferdinand Porsche, who conceived the original Beetle, he is determined to increase Volkswagen's size and its prestige. He also seems to carry a build up a cash mountain. sense of being on the

'Even today, there is some kind of unspoken law in our family," Mr. Piech said in a recent interview with the German car magazine Auto Motor Sport. "Porsche is Stuttgart, and Piech is Salzburg," the Piech family home. Mr. Neumann, in a recent interview

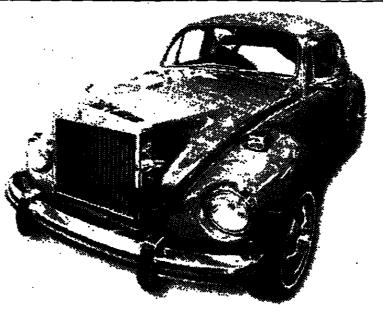
discourage widespread speculation that Volkswagen wanted to attack the Mercedes S-Class and BMW 7-series with an expanded line of Bentleys. That's a good idea!" he said with a grin, as if he had just heard it for the first time. While insisting that Volkswagen was still analyzing its options, he said there were "lots of opportunities" to build up Rolls-Royce and Bentley.

Industry analysts say Mr. Piech has See VW, Page 13

"With our technology in the mass mar-

kets, we could probably improve the

price-value relationship of these



Putting On the Ritz

In its quest to compete in the upscale auto market, Volkswagen has made several deals since June in the luxury end of the business.



Ahead of the Pack European market share

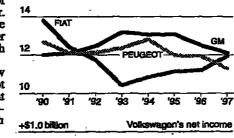


Illustration Carl Shani/ NYT

Volkswagen bought Roffs-

Royce Motor Cars, which

top left, from Vickers PLC.

subsidiary also bought the

Cosworth engine company

Volkswegen's Audi

Audi has reached an

the Italian sports car

agreement in principle to

buy Lamborghini, at left,

Audi has signed a letter of

intent to buy Toms GB, a

manufacturer of chassis

and suspension systems

Volkswagen has entered a

luxury sport-utility vehicles

with Porsche, the German

sports car maker. Porsche

will oversee design and

Volkswagen will manage

production, estimated to

reach 100,000 vehicles

earty in the next decade.

its name on about 80

Volkswagen expects to put

percent of the sport-utility

To acquire another luxury

label, Volkswagen wants to

which has not made any of

buy Bugatti, the bankrupt

Italian sports car maker

its legendary hand-made

cars for a couple of years.

joint venture to make

from Vickers.

for race cars.

includes the Bentley brand,

Lockheed Drops Bid For Northrop, Shying From Antitrust Fight

WASHINGTON - In a move that

appears to signal the end of major mergers in the U.S. military industry, Lockheed Martin Corp. has abandoned its planned \$8.3 billion acquisition of Northrop Grumman Corp., a deal that the government opposed on antitrust

After months of negotiations between the companies and the government to avoid a court fight over the transaction, Lockheed said Thursday that efforts to reach a pretrial settlement with the government, its biggest cus-tomer, were "not successful."

The Lockheed board voted Thursday afternoon to end a takeover that would have created the largest U.S. military supplier, nearly a third larger than its nearest competitor, Boeing Co.

On Friday, the shares of Northrop Grumman tumbled \$6.6875, to finish at \$90.6875, while Lockheed Martin rose \$1.5625, to \$105.50, on the New York Stock Exchange.

"At this point in time, we just had to conclude it's probably better for the government, and ourselves and our relationships, to move on," said the chief executive of Lockheed, Vance Coff-

The move is a blow to Lockheed, which has led the consolidation of the military industry, and its efforts to increase its share of the Pentagon budget. It is, however, a huge victory for the government's re-energized antitrust efforts. It was the largest deal ever challenged by antitrust officials.

Last March, nearly eight months after the deal was announced, the Justice Department, supported by the Defense Department, sued to block the acquisition, contending that a combination of the companies threatened the nation's defense by limiting competition. This action represented an about-face for the Defense Department, which had tacitly encouraged a wave of mergers that swept through the military industry since the early 1990s.

Industry experts said that while losing Northrop Grumman would hurt Lockheed's efforts to expand in the fastgrowing defense electronics business, the company remained a leading sup-plier to the Pentagon and was positioned well to compete globally. Northrop Grumman, they said, can remain an independent company, though it must refashion its strategy and will need to expand in fields such as information technology.

"We're more than alive and better than well," said the chief executive of Northrop Grumman, Kent Kresa. 'We're not going to rest on our

trouble convincing Northrop shareholders, who, along with Lockheed stock-holders, had already approved the deal. He had earlier said that Northrop might not survive without the merger.

Lockheed, which has grown through the acquisition of 22 military contractors to become the second largest U.S. military supplier after Boeing, is best known as the maker of the F-16 fighter jet and many missile systems.

Northrop, which makes components for the B-2 bomber, is the third-largest

The government feared that a union of the two would create an unacceptable level of "vertical integration" in which Lockheed would control such a large electronics business that it could suppress competition and drive up prices.

In recent months, European military contractors such as General Electric Co. of Britain and Daimler-Benz Aerospace AG of Germany had expressed interest in buying all or part of Northrop Grum-man if the deal with Lockheed were to fall apart.

But some analysis question whether the Pentagon or Congress would allow such an acquisition, given the sensitive nature of some of Northrop's programs, including the J-Stars airborne surveillance system.

One person close to the Pentagon, who spoke on the condition of anonymity, told The New York Times that there was "some ambivalence" within the Defense Department about breaking up the deal - in part because of fears that Northrop might be acquired by General Electric. "That made people queasy," this source said.

Nonetheless, the collapse of the deal appears to indicate that the Pentagon, which since 1993 had supported a consolidation of contractors to reflect the decline in military spending after the Cold War, has altered its policy.

There are, in fact, few remaining big players. Between 1992 and 1997, \$55 billion worth of mergers took place in the military industry. Lockheed gobbled up companies such as Martin Marietta, Loral and the military operations of Unisys. Boeing acquired McDonnell Douglas and the military business of Rockwell International. Meanwhile, Raytheon Co. was putting together its own string of deals.

Joel Klein, head of the antitrust division of the Justice Department, praised the decision by Lockheed.

"This means that the U.S. government and the American people will continue to receive the highest possible quality of military products and services," he said. (NYT, WP, AP, AFP)

In a Tight Labor Market, U.S. Workers See Their Perks Go Up With Pay

By Tim Smart and Beth Berselli

Washington Post Service

WASHINGTON --- Allen Jones is cashing in on what has been a great seven-year run for the U.S. economy. When he switched jobs eight months ago, the mort-

Last month came another 10 On top of that, Mr. Jones receives six weeks of vacation from his employer, the stock market gains has begun accounting firm KPMG Pear yielding some returns to the Marwick LLP, and free use of rank and file. Mr. Jones and sports arena. And he recently

luring a friend to the firm.

"Yeah, I'm loving life,"

gage-banking consultant got a 25 percent salary increase. the company's box sears at a other workers are getting pay, sports arena. And he recently perks and pats on the back earned a \$2,500 bounty for

That's quite a change from six years ago, when the 35-year-old Virginia resident at the expense of compa-faced a chilly job market. nies," said Ed Hyman, and Leaving a government politeconomist with the ISI Group ical job, Mr. Jones took a 20 in New York.

Credit this about-face to

the upper hand.
"Workers are doing better

percent pay cut just to land a

Mr. Iones said. "The opportunities today are greater. Workers can always go else-where." He added, "Em-ployers have to treat their employees better and make them feei appreciated."

what has been a supercharged economy. Although signs of a slowdown are increasing, the buildup from years of record corporate profits and outsized because an extremely tight labor market has given them

if growth slows significantly unemployment starts

The good times for workers by up to 10 percent. The best could end abruptly, of course, drivers can even choose dedicated accounts, allowing them to work a set schedule. creeping back up. But right Schneider, meanwhile, is ofnow, workers are in demand, fering \$1,000 bonuses to inand evidence of a power shift coming experienced drivers

Workers can always go elsewhere. Employers have to treat their employees better and make them feel appreciated.'

can be found on the front lines in competitive markets. of the economy - in hospital of long-haul trucks and in of-fice cubicles:

• At Florida Hospital in receive \$1,500 hiring bo-

• In Green Bay, Wisconsin, Schneider National, a its per-mile reimbursement announcing the plan.

 A Georgia software firm, operating rooms, in the cabs Revenue Systems Inc., told

workers last month that it plans to lease new BMW roadsters for all of its 40-odd employees and the 30 or so it employee will have a daily reminder that life in general and their job at RSI, is G-O-O-D," the company's co-

Orlando, experienced ultra-sound technicians routinely employees and the 30 or so it plans to hire this year. "Every tracking firm, has increased founder, Bill Glover, said in

ing agency Sullivan, Higdon & Sink, which has aviation clients, employees are offered company-paid flying les-

Apart from these unusual acts of corporate largesse, the gains workers are enjoying are widespread. The latest data collected by the Labor Department show wages rising at a 4.3 percent annual rate. Considering that inflation is running at a 1.4 percent rate, that's about the best per-formance since the 1960s, economists say.

The slowdown in Asia. meanwhile, is holding down prices as cheap imports attract buyers. That is forcing retailers to offer good deals on everything from cars to clothes. This confluence of real percent of respondents who ratcheting up salaries, said the

• At the Kansas advertis- wage gains and a benign in- felt that way two years earli- company's president, John flation environment goes a er. long way toward explaining why the Conference Board's measure of consumer confi-

> "The majority of people feel they are better off," said Gail Fosler, a Conference Board economist. "Whereas three years ago, you saw it mostly in the higher income groups, now it's more evenly balanced. We're back to an environment not unlike the

dence is at its highest level in

In a Conference Board survey last fall, 43 percent of individuals surveyed said the living standard of the average the beginning of the decade, a substantial rise from the 25 to do so without needlessly

Until recently, the tight labor market was most pronounced in the technology industry, where software programmers and information technology workers can dictate their terms. But as the economic expansion enters able to new kinds of perks and its ninth year, employers in a are more interested in workrange of industries are finding it difficult to hire all kinds of workers.

mas Inc., a workplace consulting firm that has made a reputation tracking the extent of corporate downsizing in the 1990s, has found that companies are sharing more nowadays. But they are trying

"There is more sharing going on," Mr. Challenger said. "But companies are still trying to keep a very tight handle on their costs.

Mr. Challenger younger workers are amenplace environment and culture than just money. 'They're interested in a

Challenger, Gray & Christ- great place to work," he said. This has fueled a boom in perks of all kinds."

Whether it is a fatter paycheck, a ticket to a ball game, or a verbal or electronic thank-you, employees American was better than at of their wealth with workers are relishing their increased value in the workplace. In-

See PERKS, Page 13

CURRENCY & INTEREST RATES

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Key Money Rates

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New U.S.-British Owner For Three Mile Island

PHILADELPHIA — AmerGen Energy Co., a joint venture of Peco Energy Co. and British Energy PLC, said Friday that it would buy the Three Mile Island nuclear power plant, site of the worst nuclear accident in U.S. history, for \$100 million.

If the deal is approved, it will be the first time a U.S. commercial reactor has been sold outright, said Neil Sheehan, a spokesman for the Nuclear Regulatory Commission.

Only one of the two reactors at the plant is working. The owner of Three Mile Island, GPU Inc., will continue to own the other reactor, ruined by the 1979 accident. That reactor came within one hour of a complete meltdown and a release of fatal doses of radiation into the atmosphere.

Since the accident, GPU has spent \$100 million refur-

bishing the plant and retraining workers. The Nuclear Regulatory Commission now considers Three Mile Island one of the better-run nuclear plants in the United States. Many utilities interested in selling their nuclear plants were waiting for the Three Mile Island sale to be completed.

establishing a benchmark price for such assets, before proceeding with their own plans.
"This has broken the ice," said Edward Tirello, an analyst with BT Alex. Brown. "We are going to see a number more of

The price includes \$77 million for nuclear fuel and \$23 million for the reactor. GPU expects to make up the difference between the sale price and the \$593 million book value of the reactor by refinancing its debt, said Jeff Dennard, a company (AP. Bloomberg)



Istituto Finanziario Industriale S.p.A.

Joint Stock Company Corporate Offices: 26, Corso Matteotti, Turin, Italy Capital Stock Lire 123,500,000,000 tully paid in Turin, Registry of the Companies No. 327/27

1997 DIVIDEND PAYMENT

We advise the shareholders that, in accordance to the resolutions of the shareholder's general meeting held in Turin on June 30th, 1998, the dividend for the fiscal year ended December 31th, 1997 will be payable on July 20th, 1998. Payment will be made upon presentation of coupon no. 20 in the measure of

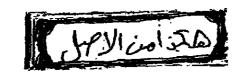
Lira 530 for each preferred share - Lira 480 for each ordinary share subject to withholding tax.

The dividend will be payable at the Company's Main Offices and branches of the paying agents listed hereunder.

The full dividend is subject to a withholding tax of 58,73% and, therefore, without restriction as to rembursement.

Authorized banks:

In the Federal Republic of Germany: Commerzbank. In Switzerland: Banca Commerciale Italiana (Suisse) Crédit Suisse and Société de Banque Suisse. in italy: all the leading banks.



Investor's America | Composis | Sept. | 199.58 | 644. | 199.58 | 644. | 199.58 | 644. | 199.58 | 644. | 199.58 | 644. | 199.58 | 644. | 199.58 | 644. | 199.58 | 645. | 199.58 | 645. | 199.58 | 645. | 199.58 | 645. | 199.58 | 645. | 199.58 | 645. | 199.58 | 645. | 199.58 | 645. | 199.58 | 645. | 199.58 | 645. | 199.58 | 645. | 199.58 | 645. | 199.58 | 645. | 199.58 | 645. | 199.58 | 645. | 199.58 | 645. | 199.58 | 645. | 199.58 | 645. | 199.58 | 645. | 199.58 | 645. | 199.58 | 645. | 199.58 | 645. | 199.58 | 645. | 199.58 | 199.58 | 645. | 199.58 | 645. | 199.58 | 645. | 199.58 | 645. | 199.58 | 645. | 199.58 | 645. | 199.58 | 645. | 199.58 | 645. | 199.58 | 645. | 199.58 | 645. | 199.58 | 645. | 199.58 | 645. | 199.58 | 645. | 199.58 | 645. | 199.58 | 645. | 199.58 | 645. | 199.58 | 645. | 199.58 | 645. | 199.58 | 645. | 199.58 | 645. | 199.58 | 645. | 199.58 | 645. | 199.58 | 645. | 199.58 | 645. | 199.58 | 645. | 199.58 | 645. | 199.58 | 645. | 199.58 | 645. | 199.58 | 645. | 199.58 | 645. | 199.58 | 645. | 199.58 | 645. | 199.58 | 645. | 199.58 | 645. | 199.58 | 645. | 199.58 | 645. | 199.58 | 645. | 199.58 | 645. | 199.58 | 645. | 199.58 | 645. | 199.58 | 645. | 199.58 | 645. | 199.58 | 645. | 199.58 | 645. | 199.58 | 645. | 199.58 | 645. | 199.58 | 645. | 199.58 | 645. | 199.58 | 645. | 199.58 | 645. | 199.58 | 645. | 199.58 | 645. | 199.58 | 645. | 199.58 | 645. | 199.58 | 645. | 199.58 | 645. | 199.58 | 645. | 199.58 | 645. | 199.58 | 645. | 199.58 | 645. | 199.58 | 645. | 199.58 | 645. | 199.58 | 645. | 199.58 | 645. | 199.58 | 645. | 199.58 | 645. | 199.58 | 645. | 199.58 | 645. | 199.58 | 645. | 199.58 | 645. | 199.58 | 645. | 199.58 | 645. | 199.58 | 645. | 199.58 | 645. | 199.58 | 645. | 199.58 | 645. | 199.58 | 645. | 199.58 | 645. | 199.58 | 645. | 199.58 | 645. | 199.58 | 645. | 199.58 | 645. | 199.58 | 645. | 199.58 | 645. | 199.58 | 645. | 199.58 | 645. | 199.58 | 645. | 199.58 | 645. | 199.58 | 645. | 199.58 | 645. | 199.58 | 645. | 199.58 | 645. | 199.58 | 645. | 199.58 | 645. | 199.58 | 645. | 199.58 | 645. |

Very briefly:

 The World Bank's investigation into alleged corruption will be monitored by the U.S. Treasury, and the allegations "obviously are serious," Treasury Secretary Robert Rubin said. The World Bank's president, James Wolfensohn, rejected complaints that senior U.S. Treasury officials failed to keep Congress informed of the investigations.

• AMP Inc., the world's biggest maker of electronic connectors, is closing three plants and cutting 3,500 jobs, or 7.5 percent of its work force, to reduce costs.

 Atlantic Richfield Co. will acquire half of Triton Energy Ltd.'s stake in natural gas reserves in the Gulf of Thailand, providing up to \$657 million in financing for the project over

• Kirk Kerkorian, the investor, cut his stake in Chrysler Corp. to 12.35 percent from 13.80 percent, citing tax reasons tied to the company's acquisition by Daimler-Benz AG.

• USA Waste Services Inc.'s \$13.5 billion acquisition of Waste Management Inc. won the approval of the Justice Department and 13 state attorneys general, provided operations in 21 cities are sold off.

The Trib Index Prices as at 4:00 P.M. New York time.						
Jan. 1, 1990 -	Lev	Change	% change	year to date %change		
World Lidex	208.73	1.73	+ 0.84	+ 21.28		
Regional Indexes						
Asia/Pactic	87.58	+ 0.16	+ 0.18	— 8.84		
Europe	252.61	+ 3.79	+ 1.52	+ 30.86		
N. Amenca	268.44	+ 0.19	+ 0.07	+ 24.28		
S. America	143.55	+ 241	+ 1.71	— 5.97		
Industrial Indexes						
Capital goods	273.67	+ 1.46	÷ 0.54	+ 32.48		
Consumer goods	243.29	+ 0.97	+ 0.40	+ 16.00		
Energy	210.50	+ 1.56	+ 0.75	+ 7.97		
Finance	155.70	+ 2.22	+ 1.45	+ 26.63		
Miscellaneous	165.98	+.1.93	+ 1.18 .	+ 10.74		
Raw Materials	206.84	+ 0.81	+ 0.39	+ 23.68		
Service	221.43	. + 2.16	+ 0.99	+ 27.03		
Utilities	180.39	+ 3.38	+ 1.91	+ 8.10		
The international Herald Tribune World Stock Index © tracks the U.S. dollar value						

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Wiring Homes for Fast Data Access

Plan Would Give Local Phone Utilities Sole Use of Their Nets

By Seth Schiesel New York Times Service

celerate the delivery of high-speed Internet access to American consumers, the staff of the Federal Communications Commission is close to recommending that the big local telephone companies be allowed to build data systems without having to sell use of the systerns to competitors, officials said

If adopted, the plan would represent the Commission's biggest use of their operations to commove in favor of the Baby Bell petitors. local telephone companies since the telecommunications laws were overhauled in 1996. For the first time since the act was passed, the Bells would be allowed to expand their networks without having to sell use of their systems to other telecommunications carriers.

plan, but it is sure to draw op- predicted. position from America's big long-distance carriers and from new local phone companies. The Commission could issue a proposal next month, but the battle over the plan is likely to spill into next year before final rules are adopted.

carriers, including the Bell compa-nies, which originated as part of ATT Corp. and were spun off, and GTE Corp., must sell parts of their networks to competitors.

The Bells have said that the sale provision discourages them from investing in networks for highspeed data services. Ur the new plan, the Bells would be allowed to establish data

services subsidiaries, which could build the high-speed systems. The subsidiaries would not have to sell

By supporting the plan, Mr. Kemard is making his departure from the policies of his predecessor, Reed Hundt, who was seen as an implacable foe of the Bells. Mr. Kennard has come under pressure from Congress because the telecommunications law of 1996 William Kennard, chairman of has failed to produce the widethe Commission, supports the ranging benefits that some experts

Mr. Kennard said Thursday that looser regulations on local companies ought to lead to the delivery of high-speed Internet access to con-

The law says that local phone pipeline of entertainment and information into the home," he said. Referring to the copper telephone wires that reach into almost every home in America, he said that the local phone companies "have the copper infrastructure. It would be a shame not to create incentives for them to use it for broadband ser-

The consumer market for highspeed data services could be a great telecommunications battlefield over the next few years. Last month, AT&T Corp. announced a \$31.8 billion agreement to acquire Tele-Communications Inc., the second-biggest American cable television company, in preparation for that fight.

So far, high-speed access to the Internet has become a reality only for people who log on at the office. Most Americans who link to the Internet from home do so at relatively slow speeds.
Under the plan, the subsidiaries

would have to deal with the parent company on the same terms as would completely independent companies.

The parent companies would still have to sell the use of basic "Our goal is to turn what is parts of their network, such as the today a trickle into a gushing wires that go into homes.

Wall Street Extends A Week of Records

NEW YORK - U.S. stocks pos-

ted mild gains Friday, moving further into record territory, as fears that the drag from Asia's recession will slow profit growth were offset by better-than-expected earnings. The Dow Jones industrial average closed at 9,337.98, up 9.79,

after closing above 9,300 for the first time on Thursday. The Nasdaq composite index gained 8.19 points to 2,008.75, an

eighth straight record. The Standard & Poor's 500 index was 2.70 points higher at 1,186.69.

Declining stocks outnumbered

U.S. STOCKS

advancers by a 14-to-13 ratio on the New York Stock Exchange.
"We're getting a market that's driven higher by fewer and fewer stocks," said Thomas Hudson,

manager of the Lord Abbett Affiliated Fund. "If you're cyclical or exposed to Asia, the market is inflicting heavy damage. And nobody knows yet how serious Asia will be

on profits."
This week's surge has sent the Dow industrials up nearly 2.5 percent and the S&P 500 up 1.9 percent. The Nasdaq crossed 2,000 for the first time on Thursday, and gained about 3.3 percent this week.

Gillette, the world's No. 4 consumer products company, fell 21/4 to 581/4 after reporting that second-quarter earnings rose 11 percent, matching estimates. The results had been hurt by Asia, Brazil and Mexico, analysts said. Heather Hay, an analyst at Merrill Lynch, downgraded the stock, citing slow growth in some international markets and costs associated with marketing a second part of the year.

PepsiCo posted its first gain of the week, rising 17/16 to 39% after the company said net income rose 19 percent, topping forecasts.

EMC led computer shares higher, rising 41/4 to 521/2 after the world's largest maker of data-storage systems reported a 47 percent increase in second-quarter profit, exceeding forecasts. Dell Computer rose 31/s to 116% and IBM climbed 1¾ to 120¼

Money continues to flow into mutual funds, helping stocks. About \$6.3 billion was added to U.S. stock funds in the week ended Monday, up from \$4.8 billion in the previous week, according to Trim Tabs Financial Services Inc., which tracks mutual fund flows.

"There's this insatiable desire to out money to work," said Vince Farrell, chief investment officer at Spears, Benzak, Salomon & Farrell. As long as interest rates stay low, investors are saying that prices don't matter."

"Perhaps people are starting to believe the Fed's next bias is to easing," said Arthur Hogan, chief market analyst at Jefferies & Co.

U.S. bonds were little changed. The yield on the benchmark 30-year Treasury bond was 5.74 percent, near historic lows.
"This market will drift a bit until

it sees what Japan comes up with in terms of a new prime minister," said Denny Niedringhaus, a manager of fixed-income investments at Southwest Bank of St. Louis.

Investors now also are looking to Pederal Reserve Board Chairman Alan Greenspan's semiannual testimony to Congress for clues to the central bank's view of how Asia will influence the economy in the

Yen Is Bolstered by Tough Talk in Japan and was quoted at 4 P.M. at Because of the party's strength in Compiled by Our Stoff From Dispatches

NEW YORK — The dollar fell Friday against the yen for a second day after two leading candidates for Japanese prime minister suggested that they would accelerate efforts to lift the economy out of recession, and after a report showed the U.S. trade

deficit swelled to a record high.
Foreign Minister Keizo Obuchi, favored to win, proposed tax cuts of 6 trillion yen (\$43 billion), while Seiroku Kajiyama, a former cabinet secretary who supports closing weak banks, said that the government's existing bank bailout plan was incomplete and that more economic reform was needed. Both declared their candidacy Friday.

'All this talk is positive for the yen and has some people thinking we may be very close to the bottom of Japan's economic crisis," said Hans Boman, chief currency trader at Swedbank. Also, "the trade number was horrible for the dollar."

139.50. With Japan closed on Monday

for a holiday, the dollar could slip further," said Jeff Yu, vice president and senior trader at Sanwa

The dollar stood at 1.7800 Deutsche marks, compared with

FOREIGN EXCHANGE

1.7859 DM on Thursday, after a report showed Germany's trade surplus widened to a record, suggesting exports to Europe are offsetting a slump in Asia and pushing Ger-many's economy further along the road to recovery.

Mr. Obuchi and Mr. Kajiyama, speaking at separate news conferences, said the government had to spend more to spur economic growth, suspending a long-standing goal to slash the budget deficit.

The two will run in an election francs, down from 5.9855 francs. The dollar fell as low as 138.63 next Friday for president of the gov-

Parliament, its president becomes the prime minister.

Some investors remain skeptical that Japan's next head of government will be able to turn the ecouomy around any time soon. 'I've got to wait and see," said

Bob Murdock, who helps manage \$1.2 billion at Analytic/TSA in Los Angeles. "They've promised a lot of things down the years and they have yet to deliver on them.' The dollar extended losses after a

report showed that the U.S. May trade deficit rose to its highest level since the government began tracking monthly goods and services trade in 1992.

"This is negative news for the dollar," said Vincent Chaigneau, an economist at Societe Generale. The dollar was little changed at 1.5022 Swiss francs, down from 1.5033 francs, and at 5.9650 French

Microsoft Corp. and Sun Mi- was driven by sales of its Office crosystems Inc. were applauded 97 suite of software tools. by Wall Street on Friday after Sun Microsystems Sun Microsystems rose results announced late Thursday \$2.0625 to close at \$52 after the

Profit Gains Lift Microsoft and Sun

company announced the day before that profit in its fiscal fourth widely expected earnings of 48 share.

cents a share. Microsoft's profit

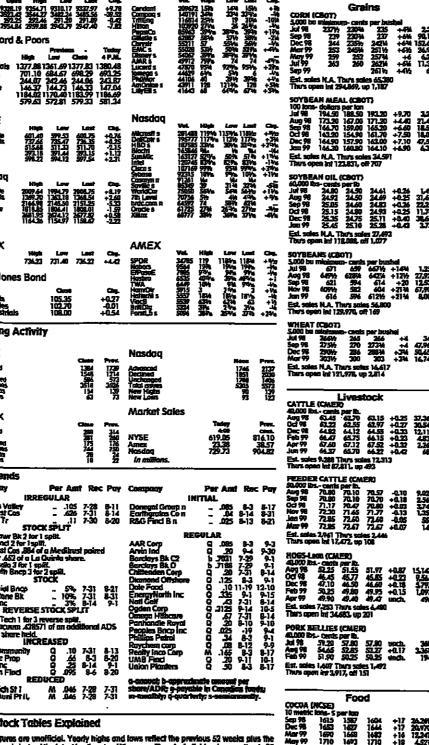
beat analysts' expectations.

Microsoft's share price ended 62.5 cents higher at \$118 after the profit and logged strong orders for coming quarters. Sun earned \$287.8 million, or 73 cents a share, quarter, which ended June 30, before a charge, up from \$237.2 rose 28 percent, to \$1.36 billion, million, or 61 cents, a year earlier. or 50 cents a share. Analysts had Analysts had expected 71 cents a

High Low Latest Chae Opin

The pound stood at 1.6450, up from yen from 139.96 yen on Thursday, erning Liberal Democratic Party. \$1.6413.(Bloomberg-Bridge News) and the second U. S. STOCK MARKET DIARY

July 17, 1998 High Low Latest Char Opint



INTERNATIONAL FUTURES High Low Latest Chae Opint

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EUROPE

German Trade Surplus Hits Record 14.6 Billion DM

(\$8.2 billion) in May amid signs that accelerating growth within Europe is more than offsetting the slow-down from Asia, the Federal Statistics Office said Friday.

The trade surplus of Europe's largest economy grew from 11.4 bil-

lion DM in April In Spain, the government report-

ed Friday that industrial production had risen 4.6 percent in May.

financier Martin Ebner has bought

a stake in HSBC Holdings PLC,

Britain's biggest bank, suggesting

that the man who has made a mis-

sion of teaching the Swiss to put

Mr. Ebner's investment funds

bought 0.4 percent of HSBC, worth about 414.72 million Swiss

francs (\$275.32 million) on June

30, and raised his holdings in drug

world's second-biggest maker of

The interest in foreign compa-

nies comes after the largest known shareholder of UBS AG pushed

for that bank's \$29.3 billion mer-

industrial gases.

4.5 pence to 859.5.

WIESBADEN, Germany—Germany's trade surplus widened to a country euro currency bloc, show how low interest rates are helping to whose gross domestic products to- pensate for lost business in Asia.

fuel growth, analysts said.
"Exports within Europe are doing much better than people thought at the start of the year, while the pre-dicted influx of cheap exports from Asian countries hasn't happened yet," said Lother Hessler, an econ-

omist at HSBC Trinkaus Research Evidence of a recovery is mount-ing across Europe, helping compa-nies such as Linde AG of Germany The data from the two countries, and S.T. Dupont SA of France com-

Wider Horizons for a Swiss Titan

Martin Ebner Buys a Stake in HSBC, Britain's Largest Bank

Silvanter | Substitute | Sub

Ebner likes to shake things up,

HSBC shares rose as much as

2.5 percent after Mr. Ebner, 52,

said he was "convinced" that the

financial turmoil in Southeast

HSBC shares rose 22 peace to
Mr. Ebner's funds own shares
Mr. Ebner's funds own 11.6
1.563 in London, while Glaxo rose
worth about 20 billion Swiss percent of the voting rights in Alu-

for that bank's \$29.3 billion merger with rival Swiss Bank Corp.

In the first half of the year, Mr. votes in Roche, 3 percent of UBS end of the year, Mr. votes in Roche, 3 percent of UBS and Swiss Bank Corp. Ebner's funds increased their stake in Hoechst AG, the world's ninthmerger of UBS and Swiss Bank In the first half of the year, Mr.

the country's biggest and most im-

and he has financial power to do so," said Engen Melliger, who

portant industry.

agement in Zurich.

shareholders first wants to make helps manage \$140 billion in ashis mark elsewhere. helps manage \$140 billion in assets at Credit Suisse Asset Man-

30, and raised his holdings in drug makers Hoechst AG and Glaxo Wellcome PLC, as well as Britain's BOC Group PLC, the emerge "even stronger" from the

9.3 pence to 1,875 and BOC fell francs (\$13.2 billion). Companies

Credit Suisse Group into taking biggest drugmaker, to 1.0 percent

over Winterthur Insurance Co. for from 0.8 percent, and raised its Suisse

Germany businesses sell about 8 about 9 percent of the exports of French businesses go to the region.

- France, Europe's second-largest economy, which accounts for 22 percent of the euro bloc's GDP, is expected next week to report a trade surplus of as much as 14 billion francs (\$2.3 billion). That would be down from 15.4 billion in April, but

economists still expect the surplus for the year to rival last year's record. "The trade surplus will stay at a high level in May even if a slow-

However, Mr. Ebner cut his

stakes in Credit Suisse Group and

UBS AG, and sold a stake in

Zurich Insurance Co., Europe's fourth-biggest insurer. He also re-

duced his stake in Roche Holding

AG, the world's biggest diagnos-tics company and the 11th biggest

In Switzerland, Mr. Ebner is

concentrating on industrial

companies such as Alusuisse-

Lonza Holding AG, a maker of

packaging, chemicals and alumin-um, and Asea Brown Boveri Ltd.,

the world's biggest electrical en-

suisse, 13.5 percent of votes in

Corp., and 3.7 percent of Credit

eering company.

drugmaker.

outside Switzerland account for ABB AG, ABB's Swiss parent,

about 19 percent of the invest-ments by value, up from 11 percent at the end of last year.

and 2.3 percent of votes in ABB AB, the Swedish parent.

They also hold 12.9 percent of

percent of exports to Asia, while it Commercial de France.

about 9 percent of the exports of Non-Asian sales rose 7 percent in

the company's sales were little changed from a year ago.
Linde, the German maker of fork-

lifts and other machinery, said gains in foreign business and a revival in domestic demand had increased sales 14.1 percent in the first four months. Thyssen AG, a German steel maker, said first-half new orders

rose 22 percent, lifted by demand from European Union countries. The German Economics Ministry production plans "are indicating an acceleration in industrial activity in

coming months."

down is to be expected," said Em- an annual rate of 3.8 percent in the manuel Ferry, an economist at Cred- first quarter, the highest rate since

Although the Economics Min-istry said that rate would slow in the April and May at S. T. Dupont, the isry said that rate would slow in the French manufacturer of luxury second quarter, Germany expects goods such as pens, helping offset a the economy to grow 2.5 percent to decline in sales from Asia. Overall, 3 percent in 1998, compared with .2 in 1997.

The Bundesbank said Thursday that stronger demand in Europe had more than made up for a slackening in Asia, even for machinery makers, which sell about 10 percent of their exports to Pacific Rim countries.

But some companies have been affected by Asia's woes. Siemens AG, Germany's biggest electronics and engineering company, said net income for the three months through said Friday that orders and corporate June fell to 595 million DM, from 625 million a year earlier, largely as memory chip prices slid amid increased competition from the slump The German economy surged at in Asian currencies.

Telecom Italia Seeks Link With BSkyB on Pay-TV

MILAN — Telecom Italia SpA said Friday that it was in talks with controlling shareholder of Mediaset, British Sky Broadcasting Group former Prime Minister Silvio Ber-PLC, the largest pay-television com-pany in Britain, and other broadesters about linking up to develop

the pay-television market in Italy. Telecom Italia said it had not decided whether the venture would involve selling a stake in its unprofitable Stream TV unit or bringing the new partner into a recently created joint venture with the biggest Italian television company,

state-owned RAI SpA. "Telecom Italia needs an ally Toschi, an analyst at AFV-Milla a country of 57 million people.

SIM in Milan. Selling a stake in Stream competes against Tel Stream would be the most likely

way to create such a link, she said. Telecom Italia, the Italian telephone company, is seeking new partners for Stream because it is ogged down in disagreements with RAI about the investment plans and strategies of their venture. BSkyB tried to get a foothold in Italy in March, when it attempted to pur-

company in Italy, Mediaset SpA.

Those talks collapsed after the controlling shareholder of Mediaset, lusconi, declined to relinquish most of his 50 percent stake to BSkyB, which is controlled by News Corp., the holding company of the media

magnate Rupert Murdoch. For Telecom Italia, developing pay-TV and cable-TV services is a long-term strategy partially inten-ded to block possible competitors from providing telephone services through television connections, Mrs. Toschi said.

Stream, which lost 194 billion lire with experience that could help it (\$110.1 million) last year on sales of grow in Italy's cable and satellite 12 billion lire, began offering satel-TV, an attractive market that is just lite and cable service in early 1997. beginning to take off," said Paola It had 70,000 subscribers in May, in

Stream competes against Telepiu SpA, which has I.I million sub-scribers at its pay-TV and digital satellite services.

A deal between Telecom Italia and BSkyB would be a blow to Canal Plus SA of France, the largest pay-TV company in Europe, which owns 90 percent of Telepiu.

BSkyB had no immediate comment on the statement by Telecom

Investor's Europe tondon: FTSE 100 mdex CAC 40 4930 VICTOR 1,298,06 1,292,23 40,45 3,600.25 3,590.66 40.27 8B.20 Frankfurt DAX 6,147.87 6,094.02 +0.86 Stock Market ... 771.11 771.92 -0.10 5,421.94 5,343.78 +1.48 HEX General 711.07 699.56 +1.8 6,174.00 6,116.80 +0.94 FTSE 190 Medrid : Stock Exchange 947.62 934.53 . +1.49 25722 . 26281 ... +1,74 MIBTEL *CAO:40 4,388.48: 4,358.13 40.70 4,562.90: 4,518.38 +0.99 SX/16 1,517-22 1,512.52 +0.31 5,177.18 5,688.48 +1.74 Zurich SPI,

Very briefly:

• Interpublic Group of Companies Inc. of New York, the world's third-largest advertising company, agreed to buy International Public Relations PLC of London, the world's largest independent public relations company, for £103.6 million (\$170 million).

 Spain will sell a stake in Construcciones Aeronauticas SA, a state-owned aerospace company, to a European rival.

Likely buyers were not named. Roche Holding AG's obesity drug Xenical was found in a European study to help patients lose weight and keep it off,

although some patients suffered digestive disorders. Danone SA, Europe's third-largest food company, reported that second quarter sales rose 5.5 percent as demand increased

for beverages and dairy products.

• KBC Holding NV, Belgium's biggest banking and insurance company, plans to close about one-third of its branches in the next three to four years, without job cuts. South Africa's rand fell, amid concern over a Standard & Poor's Corp. report citing risks for investors in the country, to

as much as 6.285 per dollar from 6.155. • Czech Republic retail sales fell for a fifth month in May, led by a decline in sales of cars, as slower wage growth crimped consumer spending.

Van Cleef & Arpels May Be Sold

ship store is on Paris's lav-PARIS — Van Cleef & ish Place Vendome, did not Ampels said Friday that disclose the terms being after 102 years in business, discussed.

it is in talks to sell itself to Italy's Fratini. The luxury watch and year, a Van Cleef spokes-

jewelry maker, whose flag- woman said.

An agreement could come by the end of this

Russian Index Surges on Hope of IMF Loans Analysts said the index got a boost meet Monday to consider a \$22.6 Bloomberg Business News MOSCOW - Russia's bench- from Prime Minister Sergei Kiriy-

mark stock index rose Friday to a enko's promise that the government five-week high on expectations that would give final approval to a pack- by decree to meet IMF criteria.

would impose a flat 20 percent valuethe International Monetary Fund added tax rate and other tax measures

The Fund board is expected to this year, however.

billion loan package.
The Russian Trading System index rose by 6.63 percent, to 193.35, for a gain of 33.5 percent for the week. It is still down 51.2 percent

chase the biggest private television Italia

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WORLD STOCK MARKETS

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Stock index: 771.71 Previous: 771.92 185 444 441 512 518 515

To Our Readers The Istanbul stock market did not trade on Friday.

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Province: 5/21.75
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Surge in Bad Loans By Japanese Banks

Rise Is Due to Tougher Reporting Rules

TOKYO — Japan's banks and thrifts had a total of 35.2 trillion yen (\$253 billion) in bad loans as of the end of March, 25 percent more than at the end of September, the Financial Supervisory Appears the state of Financial Supervisory Appears the Supervisory appears the Financial Supervisory Appears the Finance Ministry appears to the Finance Ministry appears the Finance Ministry appears to the finance of the fin nancial Supervisory Agency, the country's new financial watchdog, announced Friday announced Friday.

The surge in bad loans was due to stricter government rules on report-ing that took effect this year, said an official of the supervisory agency.
The new rules make banks calculate bad loans according to broader standards similar to those used by the U.S. Securities and Exchange Com-

That boosted the bad-loan totals of some lenders such as Bank of Tokyo-Mitsubishi Ltd. by 60 per-

Yet even the new standards do not show the true state of Japanese banks' books, analysts say. That is because the rules leave leeway for Of Lifetime Jobs interpretation of what is bad, and it is difficult to check up on the banks'

before, but there are still loopholes," said Yasuhide Yahiro, an holes," said Yasuhide Yahiro, an analyst at Bear Steams Ltd. of lapan. "There could well be banks that are claiming loans as 'performance of the part ing, even though the company is having trouble paying up."

Under the new bad-loan standards, Japanese banks have to report loans where no interest has been paid for three months, compared with the old standard of six months.

Under the old standard, banks had to call a loan "bad" only when they had lowered the interest rate below - the discount rate of 0.5 percent. Japan's 19 nationwide lenders ac-

counted for most — 21.97 trillion yen, or 62 percent — of the bad-loan total. The 125 smaller regional banks added another 7.78 trillion yen in nonperforming loans: According to those figures, an

average of 5.4 percent of the banks' outstanding loans were bad. Japan's thousands of tiny thrifts,

which are still reporting under the old standards until next year, had a combined 5.4 trillion yen in bad loans, about 4 percent of total lend-

nancial institutions as agricultural

trillion yen in risky debt as of last year, 65.3 trillion yen of which was in need of monitoring.

The Financial Supervisory
Agency revised those figures Friday, reporting that risky debt had
gone up to 65.8 trillion yen as of
March 31.

When thrifts are added, the total was 80.6 trillion yen.

Tokyo Agency **Urges Scrapping**

TOKYO - In an effort to spur The standards are better than Japan's sluggish economy out of recession, the government's chief

The recommendation came in an unusually blunt assessment of the economy compiled by the Economic Planning Agency, which also urged the government to carry out further deregulation and major financial and tax reforms.

'Japanese corporations are now Financial institutions also have to suffering from system fatigue." include loans where the terms were Akira Furukawa, director of the changed to make repayment easier. planning agency's domestic economy research burean, said.

Citing a long-term downturn in industrial labor productivity, the agency stressed the need to give companies more flexibility over hiring and fixing, but also for increas-ing the boardroom's accountability to shareholders.

Traditional practices such as seniority-based promotion and cozy corporate ties between related firms are not suited for promoting growth in important new fields such as soft-

ware development, the report said. "Japanese business relationships based on long-term, implicit contracts functioned well in an age when the advance consensus could g. be secured among parties con-Japanese thrifts include such fi- cerned," it said. (AP, Bloomberg)



A man cleaning a Beijing building site Friday. Growth is needed to create jobs for millions of laid-off state workers.

China's Growth Slips To 7% in First Half

By Seth Faison

BEIJING — China's economic growth slowed slightly in the first half of the year, hunt by weaker trading partners in Asia, but showed

considerable strength overall. The State Statistical Bureau, reporting half-year results, said Frilay that the economy had grown 7.0 percent, lower than the government target of 8.0 percent, but unusually robust in a region that has been devastated by financial crisis. Exports and foreign investment continued to grow modestly.

Even though devaluations by many of China's neighbors have made their goods cheaper, exports grew 7.6 percent, to \$87 billion.

Dai Xianglong, governor of the central bank, said this week that Beijing would proceed with plans to increase the money supply to stimulate growth. In March, the doing so may still spur the 1998 Chinese leadership endorsed a growth rate to 8 percent. The econplan to spend \$750 billion to \$1 omy grew 8.8 percent in 1997.

trillion over the next three years on new roads, bridges and housing. But even if ambitious spending measures are undertaken, they may not be able to start on a large enough scale this year to affect the

overall growth rate.

Ye Zhen, a spokesman for the State Statistical Bureau, said that the domestic economy had been hurt by the Asian financial crisis, by sluggish domestic demand and by widespread summer flooding. Exports to Southeast Asia, South Korea and Japan fell an average of 16 percent in the first half, but growing trade with the United States, Europe and Africa compensated, Mr. Ye said. Contracted foreign investment grew 5.5 percent in the first half, though actual

foreign investment fell 1.3 percent. The leadership has encouraged banks to increase domestic loans, and Chinese economists say that

Executives Gloomier In Asia Poll

By Philip Segal

HONG KONG — Top-level executives at companies in Asia have turned much more pessimistic over how long the region's economic crisis will last, with two-thirds of executives in South Korea and Japan predicting a recession of two vears or more, according to a survey released Friday.

A poll of more than 400 chief executives, presidents and managing directors in 10 Asian economies, conducted by the executive recruiting firm Spencer Stuart, said that South Korean executives were the gloomiest in the region, with 69 percent predicting two years or more until economic recovery. In Japan, the figure was 60 percent, although the survey was done before June's abrupt plunge in the value of the yen and the political uncertainty now engulfing Japan. Executives from all across the re-

gion have also turned gloomier. Just 10 percent of respondents claimed that the crisis had had no impact on their firms, with half claiming the crisis had hit them "badly."

'The overall message is that everybody's hurting," said Martin Tang, managing Director for Southeast Asia at Spencer Smart.

South Korean manufacturers reported the biggest impact on 1998 sales, which were down an average of 14 percent, according to the survey. Revenue at the country's banks and other financial institutions was down 12 percent on average. Manufacturers in Malaysia also said sales would fall sharply, by more

than 12 percent for the year. The results are in marked contrast to a similar survey done in November of last year by Wirthlin Worldwide, the survey firm that did the current poll for Spencer Stuart. At the time, most executives said the economic crisis would last one year. but by January in a subsequent poll prognosis for many

lengthened to two years.

By May, according to the latest survey, more than half the chief executives in Korea, Japan and Thailand said the turmoil would take more than two years to resolve itself.

The most optimistic executives in Asia were in Taiwan, where just 18 percent thought the downturn would last more than two years. The figure in Australia was 19 percent.



Very briefly:

• Indonesia's economy will shrink as much as 15 percent this year, inflation will skyrocket to 80 percent, and the number of people living in poverty could double, the World Bank said in its annual review of the country's economy.

• Thai Melon Textile Co., one of the largest textile manufacturers in Thailand, closed its factory because of financial problems, putting more than 5,000 people out of work.

• Compaq Computer Corp., the world's top maker of personal computers, said it could pare more workers in Asia as it melds its business with that of recently acquired Digital Equipment Corp.

• India's National Association of Software and Service Companies, which represents that country's software industry, said that a judgment by the New Delhi high court appeared to clear the way for private firms to provide Internet

. Tokyo Electron Ltd., the world's second-largest maker of equipment used to make microchips, said orders slumped 42 percent in the April-June quarter as makers of computer memory chips crimped spending on new machinery.

· Nisshin Securities Co., an affiliate of New Japan Securities Co., has decided to close because of intensifying competition brought about by the deregulation of Japan's brokerage industry.

• NTT Mobile Communications Network Inc., Japan's largest cellular phone company, and Telecom Corp. of New Zealand have signed an agreement to jointly develop new mobile communications systems.

• The International Monetary Fund said it would take a flexible approach to Thailand's crisis-hit economy and backed government moves to lower interest rates.

• Malaysia's Securities Commission publicly scoided the largest shareholder of Perfect Food Industries Bhd. and banned three of its directors from buying or selling any shares for one year on the Kuala Lumpur Stock Exchange.

VW: Moving Upscale, Chairman Piech Drives Beetle Company Into the Fast Lane

And when Daimler announced Bentleys' over Chrysler Corp., it in-top-line Mercedes S-Class with the investment. Istantly positioned itself to of-sedan or the most expensive Mr. Piech is also

fer both mass and class. be an almost negligible num- about 44,000 S-Class sedans ber, but many experts think it in its peak years. isn't the whole story.

' that would BMWs.

sn't the whole story.

It remains far from clear,
Stephen Reitman, an autothough, whether taking VW

compacts like the Mercedes Reitman thinks Volkswagen Ford says Jaguar now turns a sports utility vehicles is likely A-Class and the Smart car. will try to develop "Baby profit, though it won't say to prove more substantial. be how much, industry analysts its stunning agreement to take closer in price to the \$120,000 say it is still tiny compared eager to enter the joint ven-

ambitions in the even more Officially, Volkswagen It is easy to imagine, Mr. exclusive area of high-perfordifferent from their establishes said it plans to bolster Reitman said, that Volksmance sports cars. At the lished line of high-priced Rolls-Royce and Bentley pro- wagen could produce as Geneva Auto Show in the sports cars. duction to 10,000 cars a year many as 30,000 to 40,000 spring, Volkswagen intro-from 2,000. That would still Bentleys. Mercedes produces duced a concept car called the nounced last month, Porsche will assume most of the design

volkswagen had long been Mr. Piech is also nursing were nervous about developing a vehicle that would be so

or a Maserati. In June came work and Volkswagen will be Audi's letter of intent to ac- responsible for the manufacquire Lamborghini, which turing. The two companies

Continued from Page 9

mobile analyst at Merrill Lynch & Co., predicts that good reason to push into the market for luxury cars, in part because Daimler-Benz AG is attacking downward with sub-attacking downward with sub-attacking the product of the product about 200 cars a year but will provide Volkswagen but will provide Volkswagen but will provide Volkswagen with an additional famous brand name.

Tool care lower cost is sports car manufacturer, and then invested more than \$200,000 each. Mr.

Tool care lower cost is believed to produce about 200 cars a year but will provide Volkswagen with an additional famous brand name.

Volkswagen's joint venture with Porsche to make which is expected to sell them.

for about \$55,000 each. But all of these projects are in comparison with ture, but Porsche executives nesses, which provide the muscle for new ventures. Mr. Piech, who joined Audi in 1972 and worked his

way to the top ranks of Volkswagen, was elevated to chairman in 1993 when the company was near financial collapse. Its costs were high, its quality had deteriorated and its plants were among the most inefficient in the in-

costs and revitalize Volks- quickly over the next year or dence several years ago that sells from \$15,200.

wagen's various brands. He recruited lose Ignacio Lopez de Arriorma, head of purchasing for General Motors Corp., who had cut billions of dollars in costs by forcing suppliers to offer better prices.

Volkswagen's growth has been almost as remarkable as its previous decline. Revenues jumped to Volkswagen's core car busi- Deutsche marks (\$201.8 billion), in 1997 from 80 billion DM in 1994, and analysts expect them to reach 127 billion DM this year. Net income climbed to 1.36 billion DM from 150 million DM and is expected to reach 2.8 billion DM this year.

Shares of Volkswagen, now trading around 181 DM. have risen fivefold since Mr. Piech took over.

But company executives Mr. Piech, an engineer by and analysts predict that well. When General Motors none of which is included in training, worked to lower profits will climb even more accumulated extensive evithe basic U.S. version, which

two. VW is consolidating its Mr. Lopez, its former purdifferent models on four separate "platforms" - the interior components like the chassis, brake systems and electronics of a car. That saves money on parts, simplifies production and allows factories to shift more easily tlement.

between models. Mr. Piech has not worried much about creating the image of a nice guy - and he does not have one.

Although Volkswagen has acknowledged for some time that it used thousands of slave workers during World War II, when it was a chief weapons supplier for Adolf Hitler, Mr. Piech flatly refused to compensate victims. Earlier this month, under the threat of being sued. Volkswagen agreed

to set up a fund.

chasing chief, had taken reams of internal data with him when he joined Volkswagen, Mr. Piech dismissed the allegations until just a few days before he reached a billion-dollar out-of-court set-

■ Premium for a Beetle

Volkswagen said it would price its new Beetle at 34,950 DM (\$19,570) in Europe, a 29 percent premium over its base price in the United States to cover the cost of additional features. Bloomberg News

reported from Wolfsburg. In Europe, the 2.0 liter, four-cylinder Beetle will come with anti-lock brakes, Ifront and side airbags for driver and passenger as well as electronic balancing equip-He has angered rivals as ment as standard features, well. When General Motors none of which is included in

LET'S HAVE SOME QUIET HERE! By Nancy Salomon

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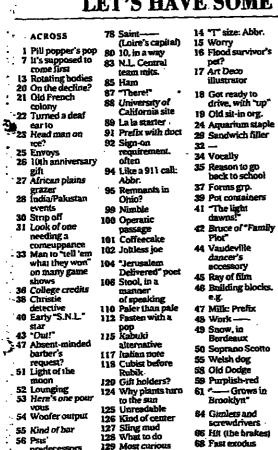
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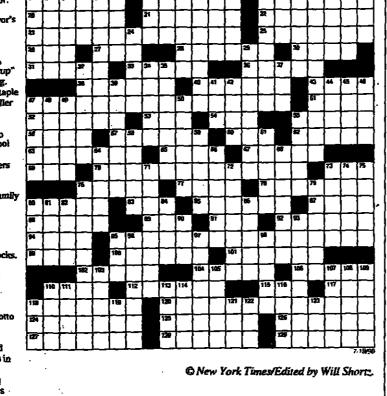
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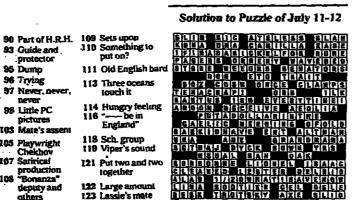
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Société Anonyme Registered Office: Luxembourg, 14, rue Aldringer Commercial Register: Section B N° 8576 NOTICE OF ANNUAL GENERAL MEETING OF SHAREHOLDERS

The Annual General Meeting of Sharsholders of TRANSPACIFIC FUND will be held at the offices of Banque Générale du Luxembourg, 50, Avenue J.F. Kennedy, on Tuesday 28 July 1998 at 11 a.m. for the purpose of considering and voting upon the following matters:

To hear the management report of the Directors for the year ended 31 March 1998.

To hear the report of the Auditor.

To approve the statements of assets and liabilities and the statement of operations for the year ended 31 March 1998.

To approve the allocation of the net profit and the amount and date of payment of the dwidend.

To discharge the Directors with respect to the performance of their duries during the Directors with respect to the performance of their duries during the year ended 31 March 1998. To elect the Directors and the Auditor to serve until the next Annual General Meeting of shareholders. To approve the payment of the Directors' fees for the period under residue.

The shareholders are advised that no quorum is required for the statutory general meeting and that decisions will be taken by the majority of the shares present or represented at the meeting.

In order to take part in the statutory meeting of 28 July 1998 the owners of registered shares must be registered in the company's register of shareholders five clear days before the meeting and the owners of bearer shares with have to deposit their shares five clear days before the meeting at the registered office of the Fund or at the following banks:

BANQUE DE NEUFLIZE, SCHLUMBERGER, MALLET, 3 avertue Hoche, Pans Bärne ABN AMRO BANK N.V., 597, Herengracht, Amsterdam MEES & PIERSON N.V., 598, Herengracht, Amsterdam BANQUE GENERALE DU LUXEMBOURG S.A., 50, Averus J.F. Kennedy, Luxambourg BANQUE JULIUS BAER (SUSSE) S.A., 2, boulevard du Theátre, Genève

The Board of Directors

PERKS: Employees Get More

ternational Survey Research aries, such as stock options of Chicago, which has been and bonuses. measuring worker attitudes for two decades, found in its of manufacturing workers re-most recent surveys a sharp ceive some kind of profitimprovement in the mind-set of employees.

From 1988 to 1994, the percentage of workers who believed they could count on receive stock options. job security if they did a good job fell steadily from 73 percent to a low of 49 percent, but since then it has risen, and in the most recent survey it stood at 56 percent.

with previous decades, but planned to raise their employ-they are creeping up. The per-centage of workers who said minority of firms surveyed they were "frequently concerned" about being laid off fell in the past year. And the liam Dunkelberg, chief econpercentage of workers who be- omist at the federation, is that lieve their companies are giv- companies are getting a paying them adequate perks in ad- off from the huge rise in capdition to pay has risen sharply ital spending that its member in the past couple of years.

All of this has brought about a reversal of a trend that creased output per worker. If had developed during the workers can produce more, 1990s: After several years of the company can afford to pay rising steadily, the share of them more. national income that goes to corporate profits fell in recent ting and productivity are paymonths while the portion going to labor stopped declining. as it had for all of the 1990s, remains a question. Although and began to rise slightly.

In fact, said Norwest vironment because they do 12 months.

Continued from Page 9 not include compensation that is not in the form of sal-

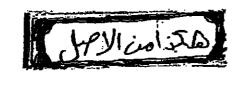
> "Today, a great majority sharing bonuses in addition to wages," said Mr. Sohn, who pointed out that nearly all of Norwest's 56,000 employees

There's another factor at work, too: rising productivity. A June survey of 600,000 businesses by the National Federation of Independent Business found strong de-Worker-satisfaction num-mand for labor and a record hers are still low compared percentage of firms that

had raised their prices. What this means, said Wilcompanies have made in the past decade in terms of in-

"It must be that cost cut-

ing for all this," he said. How long this can continue there is some evidence the economy is slowing from the Corp.'s chief economist, blistering pace in the first half Sung Won Sohn, the figures of the year, a majority of busion wages probably understate nesses still expect to expand the improved workplace en- their payrolls in the coming



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Leading Equity	Mutual Funds in th	e 2d Quarter Total p	percent return in U.S. dollars	, March 31 - June 30, 1998		
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Rickety Asian Markets Made 2d Quarter a Roller-Coaster for Funds

By Conrad de Aenlle

NVESTING in the second quarter was like taking a taxi in New York: There was a long and bumpy jour-ney that somehow ended up not far from where it started.

Political leaders in Japan and Russia spent much of the quarter dithering over what measures to take to inject life into their moribund economies and prop up their currencies and stock markets. This caused volatility in markets around the world as weakness in the yen depressed share prices in Japan and, to a greater extent, in the rest of Asia. The tumbling "Russian stock market affected vulnerable emerging markets elsewhere.

For equity mutual funds in the United States and Britain, the two largest markets for stock funds, the ups and downs netted out to virtually nothing. The universe of all U.S. stock funds fell 1.5 percent in the period, with domestically invested funds off 0.3 percent, according to Lipper Analytical Services, which compiles data for the Money Report's quarterly review. British equity funds showed a decline of 2 percent, while the subset of funds targeting the

home market was down 0.2 percent. Investors in Germany and France fared much better, as the program for European Monetary Union gathered momentum and businesses garnered ben-

efits from the sort of corporate restruc-turing that a few years earlier invigorated the American economy and stock mar-ket. These trends left Europe largely

immune from developments in Asia.

The average French-domiciled equity fund rose 8.6 percent in the quarter, while its German domiciled counterpart rose 6.5 percent. Domestically invested funds in each market were considerably stronger, rising 12.9 percent in France and 15.3 percent in Germany.

Shareholders in stock funds domiciled in offshore jurisdictions such as Luxembourg and the Channel Islands could only envy such performances. Be-cause so many offshore funds specialize in Asia and emerging markets, they turned in the worst showing of any domicile tracked by Lipper, the average fund falling by 8.9 percent. (All returns are expressed in dollars for the sake of internâtional comparisons.)

Japan's difficulties, manifested in the atrophied yen, became the focal point for investors throughout much of the world. A weak yen is especially problematic in Asia because it means Japanese consumers have less money to spend on other Asian goods, while Japanese merchandise becomes less expensive elsewhere, providing stiff competition for manufacturers in the region.

A weak yen is also a global problem because it creates the prospect of further currency devaluations in Asia and other

pole," said Albert Edwards of Dresdner

Kleinwort Benson, one of the few

strategists who predicted the Asian crisis. He is forecasting substantial de-clines in earnings throughout the region

next year, with contractions of 10 per-cent in Korea's gross domestic product and 6.5 percent in Malaysia. Economic recovery in Asia will not be as rapid as it

was in Mexico after the peso was de-valued in late 1994, Mr. Edwards

One reason, he said, is the huge

amount of private-sector debt relative to

the size of many Asian economies. In Malaysia, he said, such debt constitutes

170 percent of gross domestic product, compared with 125 percent for the United

States and only 30 percent in Brazil.
At HSBC Securities in London, Gor-

don Muir-Carby, who follows Europe's

developing markets which could limit the ability of western companies to raise prices — despite their strong economies that force up domestic wages. The result is depressed corporate earnings, which is bad news for stocks.

Funds investing in Asia recorded the best returns in the first quarter and the worst in the second. Among U.S. mutuals, the poorest category comprised funds targeting China and its

environs, the average fund falling 28.3 percent. The broader fund classification, Pacific (excluding Japan), was down 26.9 percent on average. Among offshore funds, those

investing in the region, except Japan, lost 29.1 percent. China funds were down 30.3 percent and a separate category of Hong Kong funds fell 27 percent. Offshore funds tend to do worse than comparable American-domiciled funds, in part because their ex-

penses are higher. A surprise was that funds specializing in Japan lost relatively little — 1.2 percent in the United States and 4.3 percent offshore — thanks to central bank intervention that allowed the yen to snap higher against the dollar late in the quarter. carrying Japanese share prices up with it. It was as if Japan had served as a carrier in the relapse of the Asian malaise without being seriously afflicted itself.

The stabilization of the yen, a belated

ing in parliamentary elections by his Liberal Democratic Party all helped Japanese stocks creep upward. Mark Richardson, chief investment officer at Chase Asset Management, which had the quarter's

leading offshore fund investing in Japan, said he expected this to continue. "Assuming we are reading the political tea leaves correctly," he said, "we think that there is some short-term upside potential in both the Nikkei and the yen since there is a high level of investor cynicism sur-

equity market and the yen are underowned by global investors." The Nikkei 225 is the key index of

rounding Japan and both the

Japanese shares. One of those investors with limited exposure to Japan is Douglas Johnson, global asset allocation adviser at Merrill Lynch Asset Management. He said he was optimistic about Japanese stocks, but not enough to raise Japan's allocation in Merrill's global equity port-

folios from 5 percent.

"It's the cheapest market by some measures, and there's money waiting to come in," he told a conference of affluent private clients in London this month. Because of the unsettled conditions there, "we're not ready to move

introduction of a package of tax cuts and the resignation of Prime Minister Ryutaro Hashimoto this week after a dismal showyear's key story."

Other classes of U.S. mutuals that performed poorly last quarter were cas-ualties, if obliquely, of the Asia crisis. Emerging-market funds fell 19.7 per-cent and Latin America funds fell 19.0

Funds targeting gold-mining compa-nies were off 16 percent. Asians are ordinarily among the most ardent consumers of gold, but if they have no money, the cannot buy it. When the price of bullion falls, the shares of companies that produce it do too.

Oil is another commodity with limp demand, due in part to Asia's dampening of global economic growth. Naturalresource funds followed the price of crude lower, with the average offering falling 10.5 percent.

THE BEST funds included specialists in science and technology. Buoyed by strength in the shares of Internet-related businesses and industry stars such as Microsoft Corp., the average fund rose 3.3

The best domestically invested, general-equity fund category in the last quarter, as in others over the last two years, comprised index funds tracking the blue-chip Standard & Poor's 500 index.

The average fund rose 3.2 percent.

That reflects the relative strength of large-capitalization stocks, as does the poor performance of small-cap funds, which fell 4.1 percent, and microcap funds, which were off 4.2 percent. They were the weakest general-fund categories. Small-cap funds invest in stocks with market capitalizations of less than \$1 billion, while micro-caps are those below \$300 million.

Janus Group in Denver had five of the top 20 domestically invested U.S. funds in the quarter, three under its own name and two under the Idex brand, which are marketed through financial advisers rather than directly to the public. Jim Craig, Janus's chief investment officer, said the funds' managers made use of the Asia turmoil by investing in solid companies whose shares had taken a hit for no clear reason.

'We took advantage of the fear from Asia that affected several companies that are able to ride through this," Mr. Craig said, citing such examples as Microsoft, Cisco Systems Inc., Dell Computer Corp. and America Online Inc. "Those stocks became depressed and their multiples contracted due to this fear. They performed very well for us in the period."

Other investments that paid off were in industries such as pharmaceuticals, cable television and radio. Noting that

Continued on Page 17

For Emerging Markets, A Quarter Best Forgotten

Regional and Country Funds Take a Big Hit

By Judith Rehak

ELDOM have so many things gone wrong in so many countries as they did for emergingmarkets investors in the second

Waves of bad news ranging from street rioting and the ouster of President Suharto in Indonesia to recession in Japan and financial crisis in Russia produced a set of disastrous performance numbers.

Gains made earlier this year were wiped out, as diversified emerging-mar-ket funds lost a stunning 19.82 percent for the quarter, according to Lipper Analytical Services. Regional Asia funds plummeted 28.51 percent, while Latin America funds fell 19.21 percent. Eastern Europe specialists managed to escape some of the carnage, losing only 17.41 percent, but funds specializing in Russia were hammered. One of the highest fliers in the past, the Lexington Troika Russia fund, plunged a heart-stopping 55.2 percent in the second quarter.

What makes the scenario even gloomier is that the extent of Asia's problems is only beginning to sink in. Newly released figures show that the region's economic contraction will be far worse than many had expected. Last week, for example, Indonesia announced that its gross domestic product fell an unprecedented 12.23 percent in the first half of this year.

With no quick fix in sight, Korea and Thailand, whose markets had rallied by more than 50 percent earlier in the year, have fallen back to their previous lows. Investors are worried over the weak yen, which makes Japanese products cheaper and more compenitive against those of its severely weakened neighbors and has even raised fears of currency de-

valuation in China.
In one of the few positive events, the International Monetary Fund agreed this past week to provide Russia with \$12.5 billion in loans to stave off a devaluation of the ruble. But the weak price of oil, a major source of the country's hard-currency income, remains a

major problem. The aftershocks from Asia are spilling over into Latin America. Even the relatively stable Chilean economy has been hard hit as the price of copper, its biggest export, has hovered around an 11-year low amid slumping demand from Asia. Investors have fled Venezuela, which is dependent on revenue from petroleum, whose price is near its low for the decade.

Investors should not expect any relief soon, especially in Asia, according to many analysts who follow these mar-

"I wouldn't touch Asia with a barge

Total % return in U.S. dollars,

Diversified Emerging-Market Evergreen Emg. Mkt Gr,Y

Buchanan Pacific -8,13 Res Section 2004 atthews International Asian -10.48 -16.05 Asia Str Nova-Asia Gr

emerging markets, said he expected a difficult third quarter. Mr. Muir-Carby cited a flight to quality as a reason for the dismal performance of emergingmarkets funds, as investors opted for safety and relatively easy profits in the blue-chip stocks of Europe's markets, which are booming in line with the approach of monetary union in January and improving economies.

Of course, some investors who are not risk averse will want to keep an eye out for emerging-market possibilities. But they will have to look carefully at where portfolio managers have placed their bets. Mr. Muir-Carby thinks that by the end of this year, Poland, Hungary, Israel and possibly Egypt will provide opportunities.

They will be providing some good earnings visibility and earnings momentum, and they are going to appear

very cheap," he said.
Fund managers with pure plays in the thriving economies of the so-called Club Med countries — Portugal, Turkey and Greece — have managed to withstand much of the malaise. The Portugal Fund, run by BEA Associates, slipped only 1.20 percent in the second quarter and is ahead by a hefty 30.93 percent this year, according to Lipper. Morgan Stanley Asset Management's Turkish Investment Fund leaped 20.23

percent in the second quarter after los-ing nearly 9 percent in the first. A 14.4 percent stake in Portugal also kept the Dresdner RCM Emerging Markets fund in the top quartile of diversified emerging-markets funds for the quarter — despite its 16.3 percent loss.

The Portuguese market was up 40 percent this year and every stock has at least doubled," said Paul Cox, the fund's co-manager. The fund also benefited from a 3.5 percent stake in Greece, described by Mr. Cox as a "massive Euro-convergence play" that has attracted investors as the government lowers interest rates in preparation

Leading Emerging-Market Funds

March 31 to June 30, 1998.

-9.99 Scudder Global Opp. Emg Mkts Key BCM Emerging Value -12.36 -13.36 Nicholas-Applegate Emg Country -13.88 Invesco Inti: Erring Mids

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Discover-Europe Investment Central & East Euro Fd -6.15 Ploneer Aggressive -10.30BBL invest-EmergEurC -12.97 me: Linner Analytical Services

for joining monetary union in 2000. Another possibility might be Latin American funds. "Once the storm clears, people will look for quality and see that Latin America is better than before," said Donald Hoskins, who runs the Excelsior Latin America fund for U.S. Trust Co. of New York, While he noted that commodity-related industries such as oil and copper have been hurt by falling demand from Asia, he cited solid companies that are unaffected by Asia's problems. The classic plays are those such as Telebras, Brazil's telephone company, which is to be broken up into 12 smaller companies

Brazil would use more and more phones if they could get them," said Mr. Hoskins. "That's internal to Brazil."

Few Hopes for Battered Chinese Stocks

By Holly Hubbard Preston

T HAS BEEN a terrible year for sons, some common to all Asian markets and some unique to China.

Such an environment makes for somewhat easy investment decisions: avoid the country entirely or, if you feel you must have some exposure to the market, choose the single stock that some analysts say is the only one that foreign investors should be looking at the mobile-phone concern China Telecom (Hong Kong) Ltd.

The Chinese market is divided into two domestic exchanges, in Shenzen and Shanghai. There are two main categories of shares traded on these markets: 'A' shares, which are available

shares, which are available to foreign investors and have performed dismally so far in 1998. A third category, 'H' investors in Chinese stocks, and the shares, which are listed in Hong Kong, available to fore

As for performance, the Shenzen B share index has lost 25 percent of its value so far this year, Shanghai's B shares are down 32 percent and the Hang Seng China-Affiliated Corporations index in Hong Kong is trading at less than half its level at the beginning of the year.

Not only are Chinese companies subject to the deflationary pressures that are impacting the entire Pacific region, but for now only government-backed corporations are being allowed to list their shares. This means that faster-growing private-sector companies are beyond

the reach of investors. Some analysts say that lackluster

trolled enterprises is the heart of the problem. "In terms of corporate earnings, China is not a pretty sight," said Chong Leong, director of China equities & Co. in Hong Kong. Mr. Leong forecast that annual earnings growth at such Chinese companies was, at best, in the

low single-digit range. Intense compeniion and oversupply among China's state-run enterprises has exposed major weaknesses in the way the organizations are managed and financed, other analysts added. "There are certain limitations to the amount of efficiency that is going to creep into these enterprises," said John Pinkel, an analyst at Merrill Lynch, Pierce, Fenner & Smith Inc. in Hong Kong.

Continued on Page 17

Value Beats Growth for the Long Haul

O PUT IT crudely, there are two types of stock investing: growth and value. Lately, growth has been beating the pants off value, but I suspect that will

What is the difference between the two styles? In picking growth stocks, investors seek popular companies whose profits are growing quickly and whose shares are moving up smartly in price. Buying a growth stock is like jumping onto a moving train; it can be dangerous, especially if the train comes to a screeching halt as you make

In picking value stocks, investors seek solid companies that other investors shun, even detest. Profits may be rising, but not enough to attract attention. The com-

pany may have suffered a JAMES setback or a management change or is simply ignored because it's in an industry that's temporarily out of favor. An easy way to distinguish between growth and value stocks is by looking at what are called valuation measure

numbers that tell how much Mr.

Market likes the company. One measure is the price-to-earnings or P/E ratio, which denotes how many dollars the market is willing to pay for a dollar of a company's profits. Another is the price-to-book-value or P/B ratio, which you get by dividing a stock's price per share by its book value (or net worth on the balance sheet) per share. Growth stocks have high P/Es and P/

Bs; value stocks have low ones. How badly has growth been beating value? Look at two funds run by Vanguard: Index Growth and Index Value. The Growth fund owns the stocks in the Standard & Poor's 500 Stock Index that have higher-than-average P/B ratios. The Value fund owns the others.

past five years, Growth has grown 219 percent.; Value, 162 percent. Still, I remain loyal to value. In fact,

I like it better than ever. Why? First, academic research shows clearly that value beats growth in the long run. As James O'Shaughnessy writes in "What Works on Wall Street," his book that analyzes different approaches to stock-picking: "Buying high P/E stocks," it says, "is a dangerous en-deavor. You shouldn't let the flash of the

latest glamour stock draw you in to paying ridiculous prices for earnings. Studying the market between 1951 and 1994, he found that high P/E

stocks returned 9.4 percent annually, on average, while the S&P as a whole returned 11.4 percent. High P/B stocks

> ket as a whole. Since 1982, Bradlee Perry at David L. Babson & Co. in Cambridge, Mas-sachusetts, has been tracking the single stock with the highest P/E ratio each year and comparing it to the market. The S&P has beaten the high P/E stock 11 times out 16, with four ties. Overall, the high P/E stocks have trailed the

did just as poorly, and in both cases volatility was higher than for the mar-

S&P by more than 50 percent. Secondly, value stocks provide ood defensive plays when the market is riding high; value does not have as far to fall. Third, value investing is simply more intellectually challen-

ging — and thus more tun.

Growth investing is like picking favorites at the race track. Anyone can buy General Electric Co., a growth stock of long standing, but it takes a certain amount of courage and wit to For the past 12 months, the Growth ferret out a winner like Centennial

fund has returned 34 percent; the Cellular Corp. or a potential winner Value fund, just 24 percent. Over the like Southern Pacific Funding Corp., which is currently trading at a P/E of 6.

compared to a market average of 27. The two latter stocks are discoveries of Richard Lawson, manager of the Weitz Hickory Fund, a little-known value fund with a phenomenal record. Of the thousands of funds tracked by Morningstar, Inc., the Chicago research firm, Hickory ranked second for total returns over the past five years, second over the past 12 months and 16th over the three months.

The fund was launched in April 1993 but did not start posting eye-popping numbers until 1995. Every year since then it has beaten the S&P and, according to the Value Line Mu-tual Fund Survey, and has

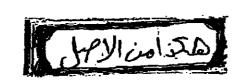
K. GLASSMAN ON INVESTING finished in the top 20 per-How does Mr. Lawson do it? "We try to find stocks that are forgotten or

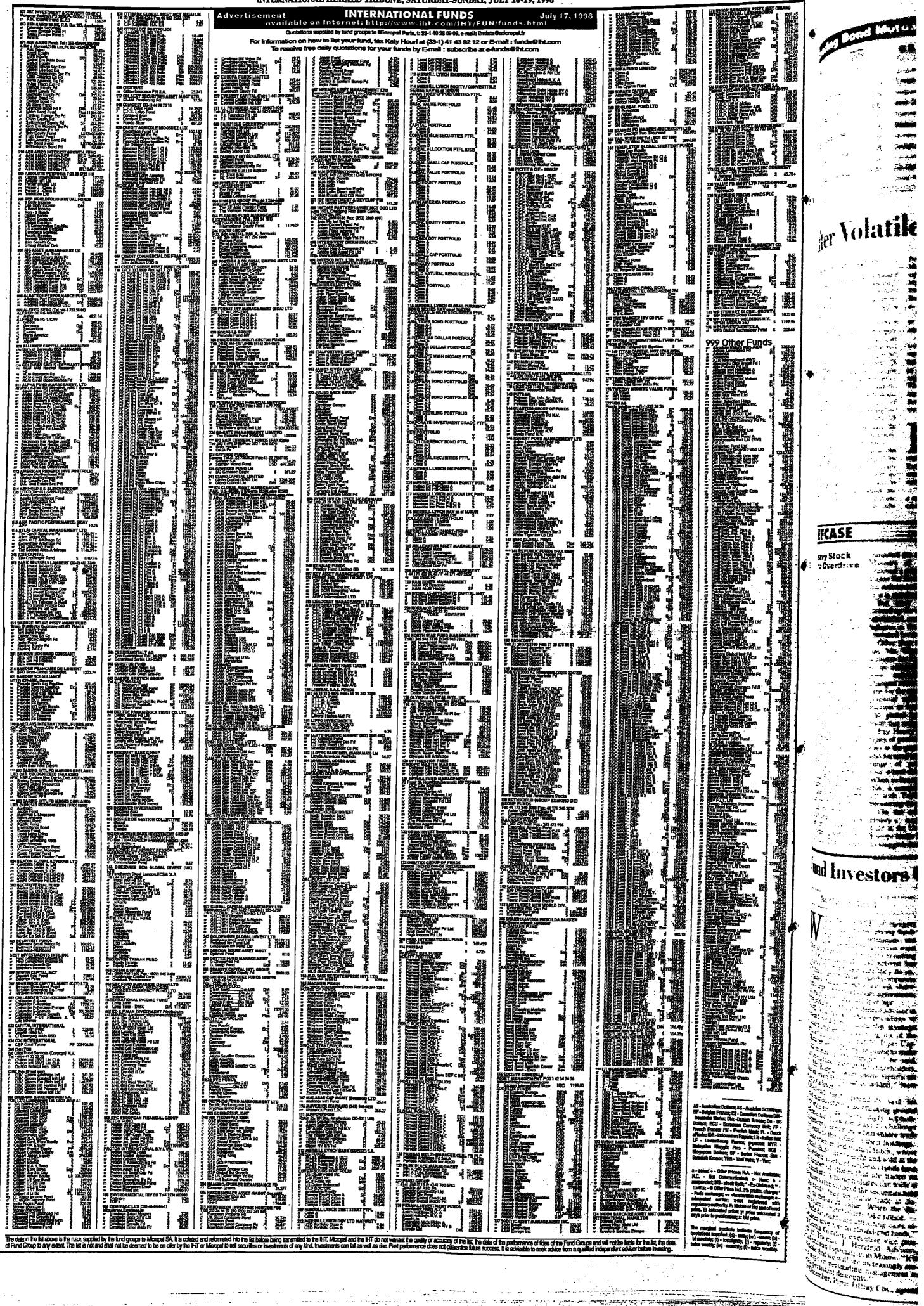
out of favor or misunderstood," he told me. "I'm trying to answer this question: 'What should a reasonable person pay for a company if he's will-ing to hold it forever?" "If the answer is significantly more than the market price, then Mr. Lawson may buy it. Over the past few years, he has been

buying cable and cellular stocks, which were much unloved on Wall Street. Suddenly, as a result of takeover deals and brightening earnings, these stocks have shot up. Centennial, a Connecticut wireless firm that was Mr. Lawson's largest holding on March 31 (the latest report), representing more than one-twelfth of his portfolio, has risen 101 percent this year.

Washington Post Service

For further information, call: VANGUARD, 1 610 669 1000, or, toll-free in the United States, 1 800 662 7447. WEITZ HICKORY FUND, 1 402 391 1980, or, soli-free in the Umited States, 1 800 232 4161.





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THE MONEY REPORT

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After Volatile Quarter, Asia and Russia Remain the Biggest Uncertainties

Continued from Page 15

economists had "generally lengthened estimates of when Asia will get better," Mr. Craig said that investments in economically sensitive industries "were reduced pretty much across the board a

The five Janus-managed funds, which had returns of 10.3 percent to 14.5 percent, invest primarily in American companies, but the best U.S.-domiciled funds were those investing in Europe, with the average rising 6.3 percent. Of the 20 best-performing stock funds, eight made their fortunes across the Atlantic.

Europe figured even more prominently among the leading equity funds domiciled offshore and in Britain, with 17 of the top 20 offshore funds targeting the region. Of the 20 best British funds, 18 invested in Continental Europe and the other two invested in the home market.

Four of the leading British funds three European regional funds and one investing in France — are managed by Invesco Asset Management. Tony Broccardo, Invesco's head of asset allocation, credited the funds' success to investments in software companies, including SAP AG of Germany; telecommunications companies, especially

those in the cellular business such as Mannesmann AG, and companies in information-technology services, nota-bly Cap Gemini SA of France. Industries Invesco avoided, as James did, were those sensitive to economic cycles, such as chemicals, steel and oil.

Invesco bet beavily on Europe in other funds, not just the regional specialists, Mr. Broccardo said.

We've been running a very over-weight position in Continental Europe in our global funds that has been very useful this year," he said. "Europe is likely to generate more than double the earnings growth of any other region this year. The dynamics are focusing us on companies that have been able to grow earnings despite the singgish economic environment we've had in recent years.'

N CONTRAST to the United States, the strength in Europe extends to small companies, he said: We take the view that there is real, positive change happening in Europe. You can see it in the performance of stocks through the capital-

"There is developing within Europe a set of smaller, more focused companies in new industries that are being recognized by the marketplace."

One small market recognized by investors in the last quarter was Belgium. Six of the nine best offshore equity funds specialized in the country, each returning more than 20 percent.

'We've had pretty sizable takeovers and mergers between Belgian largecaps," Bruno Springael, head of equity fund management at Banque Bruxelles Lambert SA, said, explaining the Belgian market's performance. "It helped a lot."

Many of the big corporate deals have involved financial-SCOREBOARD service companies, including BBL, which was acquired by ING Groep NV. The industry's restructuring helped the BBL-Invest High-Yield fund to gain

companies that pay higher-than-average dividends, such as banks, insurance companies and utilities. It and a second BBL fund were among the offshore Another reason Belgium ontgunned

other markets, Mr. Springael said, is that the Belgian retail investor is finally showing massive interest in equities." Are they buying at the top, as neo-phyte shareholders often do? "I'm not

sure they're coming in at the top, but they're coming in pretty high," Mr. Springael said. "They would have done better coming in three years ago. But as long as rates don't rise significantly, the move won't stop suddenly."

Interest rates have been falling for several years around the world, a trend that continued in the second quarter. But with Asia and other developing markets in trouble and threatening to slow global economic growth, the best bond funds targeted high-quality issues

not the high yielders that had done well in other periods such as emerging-market instruments or low-grade corporate debt in developed countries.
The 20 best U.S.-domiciled

24.1 percent in the second bond funds invested in Treasquarter. The fund's brief is to buy ury or other government paper or highbond funds invested in Treasgrade corporate issues, including four funds managed by Vanguard Group.

"We had a pretty reasonable drop in

rates, 30 basis points," or 0.30 of a percentage point, Jeff Molitor, who monitors fund performance for Vanguard. pointed out. That most benefited funds such as Vanguard's four, which own bonds with long maturities that make them highly sensitive to declining rates. Also helping the Vanguard funds.

Mr. Molitor said, was the fact that they did not own any debt backed by mortgages. In times of rapidly falling rates, people refinance their mortgages. Owners of securities backed by those mori-gages get their capital back earlier than planned and face a market with reduced interest rates in which to put their money back to work.

■ HE GREATEST sources of uncertainty are likely to remain Asia and Russia, which is far from out of the woods even after the bailout deal with the International Monetary Fund that was announced a few days ago.

"Russia's a real wild card," Mr. Molitor warned. "Default is not something factored into the market. The impact of Asia was underestimated last year. What we've seen is a series of shoes dropping. What's going to be the next one? That's a concern of a lot of

Equity investors are doing the same, fleeing emerging markets and Japan for European and U.S. blue chips, the only stuff deemed dependable in a period of shaky economic and financial conditions. How reliable they are, however, depends on developments in the markets investors think they have escaped The trouble in Asia does not deter analysts at Salomon Smith Barney from predicting that the U.S. economy will grow strong enough later in the year to compel the Federal Reserve Board to tighten credit. This would produce high probability of a decline in U.S. stock prices before the year is out."

A contrasting scenario is offered by Barton Biggs, the equity strategist at Morgan Stanley, Dean Witter, Discover & Co. He has long maintained that the Asia meltdown heralds a trend of global deflation that ultimately will damage the presumed investment havens.

The scary aspect of the fall of the yen and the Asian emerging-market crisis is that it is so contagious," he said in a recent note to investors. "The Asian crisis is not over, and its pernicious effect on the rest of the world is just beginning to become evident. I continue to feel that the principal risks are not excessive growth, a resumption of in-flation and higher interest rates, but rather lack of growth, creeping deflation and substantial profit shortfalls.

"That's a potentially lethal combination if superimposed on a leveraged corporate economy and stock markets

BRIEFCASE

Fuji Heavy Stock Shifts to Overdrive

Its corporate name may not have the cachet of its automaking rivals Toyota and Honda, but Fuji Heavy Industries Ltd. is having a spectacular year on the Tokyo Stock Exchange. The maker Subarus in the United States of Subaru cars has seen its provided further momentum. share price more than double this year in a stock market dal, Mr. Watanabe said the where single-digit percentage scenario for Fuji Heavy's rise gains are the 1998 norm. sa an internationally compet-

a bumpy ride, however, since changed since the spring. His it was discussed in the Money case for the company's growth Report in April 1997 and was potential reflected its recent occurred on-line, up from 36 arading at 585 yen. After a quick move above 600, the and global business deploy- period of 1997. stock tumbled to a closing ment that reduced profit risks. Jow of 313 on Dec. 24.

Yoshio Watanabe, an ana-types of pa dustry for Industrial Bank of and focused on a more limited the stock to Money Report four-wheel-drive vehicles. readers, said Fuji Heavy's When its lineup was spread too of its cars — including its pressuring its profit margins.

flagship Legacy model — On the other hand, Fuji after minor defects in seats Heavy's widening market and other parts of the auto- base in the United States and mobiles were reported by Europe limits its vulnerability

punished the stock when the Ministry of Transportation imposed a penalty on the carmaker for its failure to report the defects and recall the cars, as it is required to do.

But once the company cleared up the issue, the stock rebounded, and brisk sales of Subarus in the United States Other than the recall scan-

ains are the 1998 norm. as an internationally compet-Fuji Heavy's stock has had itive automaker has not success in focused marketing

Puji Heavy gave up certain

Fund Investors Gain an Edge

said Mr. Watanabe. The stock crossed the 700 yen level in June for the first

time since 1990, and some analysts in Tokyo think it has further upside potential because of the effects of weak-

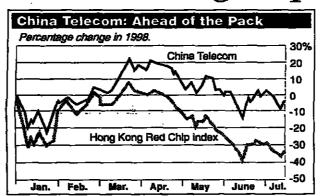
Schwab Nets . On-Line investors

Charles Schwab Corp. is now an Internet company. The U.S.-based discount brokerage said this week that 52 percent of its trading volume in the second quarter percent in the corresponding

The company did not provide international details, but a st okesman said that an lyst who follows the auto in- cars in the past couple of years ecdotal evidence indicated will be nearly impossible for Lynch is projecting an increase Co., a household-appliance dustry for Industrial Bank of and focused on a more limited that on-line trading was pop-lapan and who recommended range of products, mostly ular outside the United States as well as domestically.

shares suffered when the thin, it competed unnecessar-rose 19 percent in the quarter, painful banking and business company failed to recall some ily with Toyota and Honda, to \$76.3 million, and its stock reforms such as putting an end started behaving like a true Internet issue. Before the earnings were announced on Thursday, it was priced at \$35.125; on Friday afternoon users last fall. The market to sluggish domestic demand, it was up to \$38.875. (IHT)

In China, Bright Spots Are Few and Far Between



Continued from Page 15

Until these issues are addressed, Mr. Pinkel and Mr. the bulk of these securities.

The Chinese government, keenly aware of this, has be-The company's net income gun implementing positive but curity. Five-year projections unit-sales growth of 33 per-ose 19 percent in the quarter, painful banking and business estimate an average annual cent in 1998, owns a huge reforms such as putting an end to interest-free loans and submoves are welcome, Mr. Le-Chinese securities are seen.

The sole exception, the analysts said, is China Telecom. News reported. The company is a so-called red-chip — a mainland-govfer the potential for rising earnings, Mr. Leong said, but

percent discount to its peers around the world," he said.

While China Telecom is expected to post flat earnings-perof 22 percent for next year, an extremely optimistic forecast these days for a Chinese segrowth rate of 18 percent.

Why such a sanguine outsidized housing. While the look? The Chinese mobiletelephone market is booming, ong said, it could be five years with the number of subbefore significant earnings scribers in the country expec-growth among the bulk of ted to reach 22 million this year, up from 14 million at the end of 1997, Bloomberg

Moreover, as a state-run monopoly, China Telecom ernment-controlled corpora- continues to see its subscriber tion registered in Hong Kong base increase. Its recent actual that offers mobile-tele-quisition of Jiangsu Mobile quisition of Jiangsu Mobile phone services in the for \$2.9 billion, or \$2,600 per provinces of Guangdong and Jiangsu subscriber, is being Zhejiang. Not only does it of perceived as a major bargain

by investors.
After China Telecom,

ing, the pickings in the counstocks, both listed as H- rency devaluations. These try turn slim. While some anashares, are major participants stocks. said Mr. Wong. are in the Chinese government's selling at no more than half lysts say there are a few companies worth keeping an frenetic push to build new their book value, with estieye on, and that valuations highways across the country. have fallen to levels that might seem enticing, many add that the weak economic outlook to export problems or curbiness from the line of the weak economic outlook. The weak economic outlook to export problems or curbiness from the line of the line o

makes the present a questionable time to buy.

One possibility, said Mr. Leong, is Zhenhai Refinery & Chemical Co., an H-share. The company, the third-largest refinery in China, produces a host of petroleum products including jet fuel which offers a high profit margin - liquified petroleum and unleaded gasoline.

Another is Guangdong maker with an H-share listing. The company, for which Merrill Lynch is forecasting chunk of the Chinese refrigerator market and is aggressively selling to other devel-

oping-country markets.

Legend Holding Ltd., a red-chip that is China's biggest personal-computer maker, is another company with long-term potential. The caveat is that while the company has been able to displace many big-name overseas brands, it suffers from the same margin pressure and cutthroat pricing

Sam Wong, senior research analyst for Credit Suisse First Boston Hong Kong Ltd., likes Jiangsu Expressway Co. and Shenzhen Expressway Co. These two infrastructure

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it may be a bargain at its current price of 12.90 Hong Kong dollars (\$1.66). "It's a mono-New York Stock Exchange in ment, be hired as replacement manager for found a way to help make sure they do so. The idea is simple. When fund companies poly that is trading at a 20 to 25 addition to its Hong Kong list-

TITH THE PACE of mergers and acquisitions among fundmanagement companies red hot, shareholder activists want to make sure investors share in any resulting profits. One closed-end fund activist has

By Carole Gould

are acquired, management must ask shareholders to approve new advisory agreements, giving the investors unusual leverage.

George Karpus, an investment adviser in Pittsford, New York, who specializes in closed-end bond funds, used this leverage in a recent challenge involving six of the

nine taxable bond funds run by Piper Capital Management. "If they're going to make all that money in the merger," he said, "they should take care of the shareholders, too. Mr. Karpus, who owns significant stakes in seven Piper funds, added, 'Now we've got a lever.

Closed-end fund specialists said his shrewd maneuvering was breaking ground in the industry, as increasingly sophisti-cated investors look for ways to challenge management companies when shares trade at discounts to the value of their holdings.

Unlike open-ended mutual funds, whose unlimited shares are bought and sold at the value of their assets, closed-end funds have a set number of shares that are traded on stock markets. Although shares can trade at a premium to the value of the securities held by the funds, they typically trade at discounts to net-asset value. When the discount widens, shareholders take nonce.

"Wide discounts are attracting more so-phisticated investors to closed-end funds," said Cecilia Gondor, executive vice president of Thomas J. Herzfeld Advisors, closed-end fund specialists in Miami. "It is inevitable that we will see increasingly creative ways of persuading management to

narrow persistent discounts."
In December, Piper Jaffray Cos., agreed

to be acquired by U.S. Bancorp, requiring the Piper Capital Management subsidiary to ask shareholders in each of its funds to

approve a new advisory contract.
The following month, Mr. Karpus filed a shareholder proposal recommending that his company, Karpus Investment Managesix Piper funds — American Select Portfolio, American Strategic Income Portfolios II and III, American Opportunity Income, American Government Income Portfolio and the Americas Income Trust setting the stage for a proxy battle. His goal was to force Piper to deal with the dis-

The funds had long traded at discounts; Americas Income Trust, for example, had a discount as deep as 19 percent last year, while those for the American Select Portfolio and Strategic Income Portfolio II hit 15 percent, Ms. Gondor said.

Mindful of an unresolved shareholder dispute involving the Zurich Group's acquisition of Scudder, Piper sought to avoid a similar proxy fight with Mr. Karpus's group by announcing in March steps that management would take to narrow the dispute of the American Scutteria. counts in the American Strategic Income Portfolios II and III and in the American Select Portfolio — provided that share-holders approve the new investment contracts related to the merger.

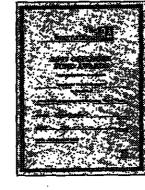
Piper would ask the Securities and Ex-

change Commission to allow each fund to make annual repurchase offers of up to 10 percent of the outstanding shares if the discount exceeded 5 percent in a specified 12-week period. Otherwise, the funds would buy up to 10 percent of each of the funds' outstanding shares in December 1999 and December 2001, if the average discount exceeded 5 percent during the 12 calendar weeks preceding Oct. 1 of those years.

Another way to deal with discounts is to open the funds. In April, the Piper board approved the conversion of three funds into a single open-end fund.

New York Times Service

North Star The Top Fund Manager*



*North Star was ranked No.1 Off-shore Fund Manager of 1997 for 3 years performance by the two FT publications The International and Resident Abroad out of 104 international Fund Managers. North Star was also voted No.1 for 1995 and No.2 for 1996 by the same publications.

Websites with North Star prices/performance: www.ft.com

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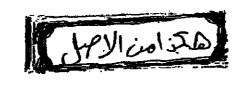
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World Roundup

Ronaldo Speaks

SOCCER --- Ronaldo said Friday that he was being made the scapegoat for Brazil's World Cup final defeat by France. "Somebody has to be responsible, and people are trying to find a way to blame it on me." he told Globo television in Sao Paulo. Ronaldo, 21, said his decision to play in the final last Sunday, despite being ill just hours before kickoff, was "based on good intentions, only to help the team."

He admitted that he suffered a convulsion before the final. "Why lie?" he said. "What happened to me could happen to anyone." He said that he had not taken painkilling injections.

Guerrouj Short by Stride

ATHLETICS Hicham Guerrouj of Morocco just failed to break the mile world record, which has been held for five years by Noureddine Morceli. Running at a meet in Nice on Thursday, Guerrouj clocked 3 minutes, 44.60 seconds, about a stride slower than Morceli's 3:44.39. posted in September 1993.

Jordan Sticks to His Guns

BASKETBALL Michael Jordan has stopped just short of announcing his retirement, saying again that he does not want to play for another coach or with a team other than the Bulls. "I've always said I won't play with-out Phil Jackson," he said, "I just haven't made it official yet." (AP)



Jordan won't make announcement until NBA lockout ends.

Journeyman on Top in British Open

Woods, Price and Amateur Lurk a Shot Back in Wind and Rain

By Leonard Shapiro
Washington Post Service

SOUTHPORT, England — Tiger Woods and most of the world's finest players were often left twisting in the wicked winds on Friday as Royal Birkdale transformed from docile to demonish overnight, throwing a double dose of early morning rain and late afternoon 35-mile-an-hour gusts at the flailing field in the 127th British Open.

By day's end, many of the first-round leaders had free-fallen down or totally off the mercurial leaderboard, replaced at the very top by a journeyman American, Brian Watts, now a regular on the

BRITISH OPEN

Japanese Tour who has missed the cut in three of his previous five Opens. Still, the 32-year-old from Edmond, Oklahoma, shot 69 for a three-under total of 137.

That was good for a one-stroke lead over Woods, who birdied his last two holes for a 73-138; Nick Price of Zimbabwe, with a six-foot eagle putt at the 17th for a 72, and Justin Rose, a fearless
17-year-old English amateur who posted a stunning 66, the best performance
of the day and his life on a wild weather thrill ride by the Irish Sea.

Woods, the first-round co-leader along with a fellow American, John Huston,

began badly with two straight bogeys, three in his first six holes. He was fourover after 10 when play was suspended for 30 minutes because of gathering om-inous storm clouds at 5:30 P.M.

Woods managed to right himself on the back nine, making his only two birdies of the round on the last two holes. Huston shot 77-142 in a round that included six bogeys and a double at the 480-yard sixth hole, a brutish monster played dead into the wind. Sweden's Thomas Bjorn, with a birdie at 17, was the only other player under

par after 36 holes with a 71-139. Watts has never finished better than 40th in this event and had no expectations of doing much better after play-

ing poorly in the practice rounds.

Watts has competed in Japan full time since 1994, maintaining a home in Oklahoma and commuting back and forth to his wife and year-old son about seven times a year. He has won 10 events there, still doesn't speak the language but does most of his talking with his clubs, evidenced by his status as the only man in the field with two rounds in the 60s.

'It was really tough out there," Watts said. "I can't say I enjoyed playing in it, but I deal with it as it comes."

Rose was born in South Africa and moved to England when he was five. He got in the field through qualifying last Sunday and Monday and said he never

looked at the scoreboard until he walked up the 18th hole to a huge ovation. His four-under 66 also equaled the lowest round ever recorded by an amateur in the Open

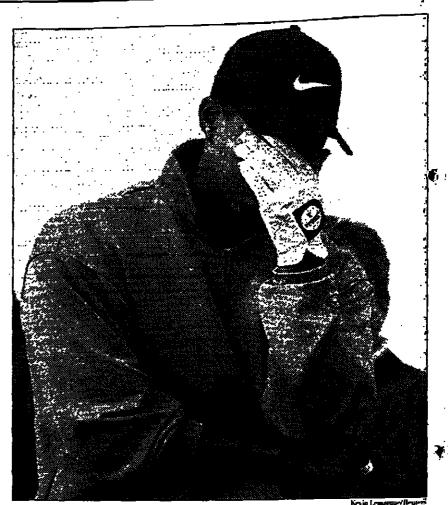
He finished by making a 10-foot putt for eagle at the 547-yard downwind 17th, then a 20-footer for birdie at the 472-yard 18th.

"My aim was to come out here today, have a good round and make the cut, said Rose, adding that Price, the man he was tied with, has been his role model. "I wasn't worned about the conditions. My caddie and I were choosing the right shots. I was thinking clearly and luckily hitting the shots I wanted to hit and then

holing the putts at the end of it."

Price, a shot off the lead himself at the start of play, briefly held the lead Friday at four-under after parring his first five holes. But than a stretch of three bogeys in five holes hardly belped his quest for second British title.

Conditions were severe throughout what had to be one of the more bizarre rounds in British Open history. Just ask John Daly. He needed five shots to get out of a fairway bunker at the 18th hole, and had to ask his playing partners, Payne Stewart and Bernhard Langer, to help him add up his total for the hole. When they stopped counting, they put a 10 on his scorecard, and Daly had missed



An unhappy Tiger Woods after driving on No. 9, but things picked up.

A Weather-Beaten Mister Woods Hangs In There and Grinds It Out

By Christopher Clarey International Herald Tribune

SOUTHPORT, England - A 17year-old named Justin Rose had just shot 66 in very nasty weather at the British Open on Friday, and now someone was telling him that his score had equaled the amateur record held by Frank Stranahan and Tiger Woods.

'Really? Mister Woods?'' asked Rose with delight. "That's obviously some feat to equal any record by him." But while Rose, the respectful teen-ager, took a star turn inside the clubhouse, Mister Woods, all of 22, was still on the course on Friday at Royal Birkdale

attempting to keep his head above par. He would succeed with difficulty, finishing with a 73 that left him twounder par after two rounds. Woods had started the day with a share of the lead after playing a marvelously controlled. and opportunistic opening round in be-nign conditions, but Friday was a day straight out of central British Open casting: blustery and soggy enough to make you lose your nerve or, in the case of John Daly on the 18th hole, your wits.

Unlike Daly, Woods would not end up flailing away at a backsliding ball in a pot bunker, but he, too, would lose plenty of ground in the second round. Instead of roaring and exhorting, the

huge gallery that followed Woods and Nick Price throughout the late afternoon and early evening would spend most of its time moaning, groaning or suffering Woods would drop four shots on the

front nine, finishing it with a 38, but he would drop no more on the back nine. When the last divot had landed, he was one shot behind Brian Watts and even with Price and Mister Rose. If Woods's 74 indicates that he still

has much to learn about links golf in typically English conditions, he actually acquitted himself quite well from tee to green. The sharpest thorn in his side on Friday would not be the gorse that lines this course: it would be putting. Though Woods's good friend Mark O'Meara had no problems with his putter, shooting an admirable 68, Woods would not be so fortunate with the putter he borrowed from O'Meara.

After bogeying the opening hole, he bogeyed the second after his 2-foot par putt curled around the lip and refused to fall. The 480-yard, par-4 sixth, traditionally the most difficult hole on this difficult course, was an excellent indicator of the strength of the wind. Even with a driver and a three-iron Woods could not reach the green. His chip also stopped short in the headwind, as did his

five-foot par putt. But there also would be occasions where Woods showed that he has inched up the learning curve since finishing in a

tie for 24th at Royal Troon last year. On the eighth, with a strong following wind, he did not attempt to loft his approach shot. Instead, he hit a classic chip-and-run shot that bounced several times in the fairway before coming to a complained rightly that his ball was movhalt 12 feet from the hole. That would ing in the wind as he lined up to putt,

give him a rare birdie opportunity, but this would be a day when as fellow American Payne Stewart put it, "par means something.

Woods would miss his birdie putt, and after bogeying the par-4 ninth, he would miss another birdie putt from approximately 8 feet on the 11th. This time, he had an excellent excuse. The wind was gathering speed: the sky full of cumulus clouds that England's John Constable might have painted had given way to something dark and ominous enough to have caught Jacob van Ruysdael's eye.

As Woods prepared to putt, a stray piece of paper skipped across the green at an astonishing clip, and his putt also appeared to catch the wind, veering right and staying above ground. Woods looked up in the gathering squall, shook his head and smiled. It was a good sign on a day when it was hard to read the signs, and shortly after Per-Ulrik Johansson, the other member of Woods's threesome;

Open officials suspended play.
Woods was whisked off course with his bodyguards in a cart, but 20 minutes later, he returned and gradually gathered strength. He would get his first birdie of the day on 17 with a 6-foot putt after a fine bunker shot. He would get his second on 18 with another 6-footer that the large crowd in the stands

greeted with warm applause.
For those who had not followed Woods throughout his weather-beateif round, those last two putts must have looked easy in the early evening sunlight, but the look of relief on Woods? face as he walked off the 18th should have told them otherwise.

"If your mind goes, your game es," Woods said. "If you can hang in there and grind it out, and not get discouraged, you'll be all right."

"Even though I was four over after nine, khad hit some really good shots. If was just a question of some of the shots? falling, and they finally fell on the last

Johnson Fires A One-Hitter

For a night, all was right in Seattle with the Mariners. After fans lined up outside the Kingdome to get their heads shaved on Jay Buhner Buzz Cut Night, they went inside and saw Ken Griffey Jr. make another amazing catch and Randy Johnson pitch a masterpiece. One of baseball's biggest disappointments this season, the Mariners finally played like the team many picked to win it all in '98.

Johnson took a no-hitter into the eighth inning before giving up a one-out single to Brent Gates and finished with a one-hitter as the Mariners defeated the Minnesota Twins, 3-0, on Thursday night Johnson finished with his third career one-hitter and might have finally convinced the Mariners to sign him to a long-term contract.

In other AL games, it was the Bal-timore Orioles 6, Texas Rangers 3; Detroit Tigers 3, New York Yankees 1; Boston Red Sox 15, Cleveland Indians 5; Tampa Bay Devil Rays 8, California Angels 1; Oakland Athletics 5, Kansas City Royals 3; Toronto Blue Jays 5, Chicago White Sox 2.

In the National League, Greg Maddux became the NL's first 13-game winner as the Atlanta Braves beat the Milwaukee Brewers, 4-3. Maddux (13-3) limited the Brewers to four hits and one

earned run in 6½ innings, keeping his ERA at a major league best 1.57. In other NL games, it was Phil-adelphia Phillies 4, New York Mets 2; Los Angeles Dodgers 8, St. Louis Cardinals 2; Montreal Expos 10. Pittsburgh

Tour Breakaway: Life in the Fast Lane

By Samuel Abt International Herald Tribune

BRIVE LA GAILLARDE, France Come along for a ride at the front of the Tour de France.

There are three riders in a breakaway Friday, 6 minutes 30 seconds ahead of the rest of the 181-man field: Max Sciandri, a dual-nationality Italian-Briton who rides for La Française des Jeux; Cedric Vasseur, a Frenchman with Gan, and Jose Rodriguez, a Spaniard with Kelme. They are riding in

TOUR DE FRANCE

single file, working together by taking turns at the front as the two others ride in the slipstream during the 204.5-kilometer (127-mile) sixth stage of the three-week race.

With 50 kilometers to go, their coaches, who are close behind in cars, all doubt the riders can hold off the pack. If they do, two of the three coaches are pessimistic about their man's chances in a final sprint.

"They've got a 30 percent chance of staying away," says Serge Beucherie, the assistant directeur sportif, or coach, of the Gan team as he leans out the window, still steering, and chats with a reporter in another car. "The rest are beginning to come up awfully fast." He rates Vasseur's chances of winning a sprint as none.

In another team car, Yvon Madiot, the assistant directeur sportif of La Française des Jeux, also rates the over-

all chance of success at 30 percent. "If 1:29 ahead of Sciandri, the man they last," he says, "Sciandri has a 50 percent chance of beating the Gan."

Jose Ignacio Labarta, the assistant

directeur sportif of Kelme, is more confident about his rider. "He'll win the sprint easily if they don't get caught, which they probably will," he

The weather continues to be overcast and chilly and the crowds remain large from the start in the town of La Chatre in the center of the country south to Brive la Gaillarde.

Vasseur has instigated the attack, accelerating away from the pack at about Kilometer 95 and being joined immediately by the two others.

As they pass through the town of St.
Junien la Bregare, 10 kilometers from the feed zone where the riders snatch bags of food on the fly, the three are working hard and the pack riding at a leisurely pace.

This begins to pick up 40 kilometers to the finish as the sprinters' teams, led by Mario Cipollini's Saeco riders, go to the front and force the pace. TVM is also there, favoring its sprinter, Jeroen Blijlevens, as are Riso Scotti for Nicola Minali and Mapei for Jan Svorada.

The breakaway's lead begins to come down rapidly under the pressure of fresh riders rotating at the front of the pack. With 25 kilometers to go, the three are still riding hard but only 2 minutes 5 seconds ahead.

Beucherie makes a critical decision. Another of his riders, Stuart O'Grady, is in the overall leader's yellow jersey,

Beucherie fears. He talks on his mobile phone to the Gan directeur sportif, Roger Legeay, who is trailing the main pack in another car and they decide that they cannot risk a victory by Sciandri by perhaps a minute and a half. That and the bonus 20 seconds he would get would give

him O'Grady's jersey. With 20 kilometers to go, Beucherie pulls alongside Vasseur and tells him to stop working with the others.

"That doomed the breakaway," Vasseur says after the finish. "I hated to do it because Sciandri and Rodriguez had worked so hard but I had my or-

He sounds resigned. A year ago, he won the yellow jersey himself on a similar stage. "I thought I might get it again today," he adds.

Sciandri is not resigned but angry.
"I don't understand Gan's strategy,"

he says. "We could have stayed away with Vasseur's help. Without it, no

chance.' Before the start, he knows that this stage is right for him: When the Oakley sunglass distributor visits the team, Sciandri tells him, "Give me a nice pair. I'll be on the front all day." Al-though there will be little snn, there are

occasional drizzles and glare. With 15 kilometers to go, the three are caught. Vasseur, still thinking yellow, attacks almost immediately. When the pack reaches and swallows him, he slams his fist down in the air in frustration.



Elderly spectators taking in the Tour's sixth stage on Friday.

riders storm into town in a bunch. For Sciandri gets his real time behind the second successive day, Cipollini Cipollini, 1:20. the second successive day, Cipollini pulls away from the field and crosses the line first by half the length of a bicycle. His time is 5 hours 5 minutes 32 seconds, a speed of 40 kilometers an

Minali, also an Italian, is second and Svorada, a Czech, is third.

The three former companions in the breakaway are far back. Vasseur is 137th and Rodriguez 148th, both in the same time as the winner since they are among the majority of the pack that finished without a split in its ranks. At

Led still by the sprinters' teams, the the back, there are some splits and

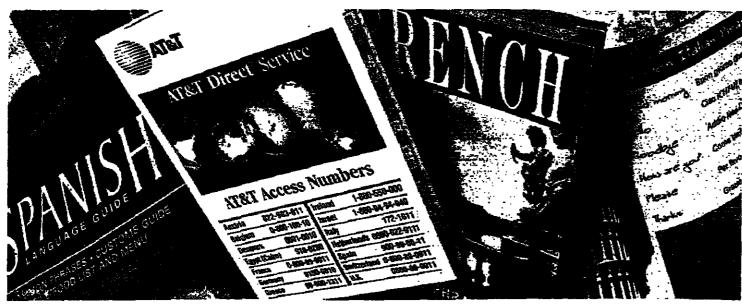
O'Grady keeps his yellow jersey, nine seconds ahead of George Hincapie, an American with U.S. Postal Service, after the Gan rider finishes third in a bonus sprint and has two seconds deducted from his overall

The Australian is ecstatic. "I've had a magical moment in my life," he says before the start. "I would have been thrilled to have the jersey one day and it's already been two." Now it's three.

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SPORTS

Frenchwoman Writing Chapter in the Brave New World of WNBA

be had forgot all about the World something infinitely more difficult than an upset of Brazil. Have Zinedine Zidapony tail when the trainer of her tainer of a pony tail when the trainer of her baskethall team came up to Isabelle Fijalkowski and said, "France beat

"It is not possible;" she said, her mouth open wide. He repeated the score until she believed him.

She went back out onto the court of the Great Western Forum in Los Angeles, which was an unbelievable feat in itself. To think, after all, that women — indeed, a Frenchwoman — would ever be cutting and squeaking in the footsteps of Jerry West and Magic Johnson. When the World Cup result was announced to the audience as the women were warming up for the second half of their own game, the 6-foot-5-inch (1.96-meter) Fijalkowski alone began jumping and celebrating, as if she was the only one in the building who understood the language.

"So your countrymen inspired you," someone said to her over the phone a few days later. Laughing, she replied: "Well, we lost our game. When we started to play again I didn't think about the World Cup anymore."

Probably not. Might the WNBA grow up to influence millions of young wornen around the world? It is possible.

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"When I go home to France, men look at me and say, 'Wow, she's tall, ' Fijalkowski said. 'But nobody knows me as a basketball player. I am quiet in my town. I can do my shopping and nobody notices me. It is very confi-

Fijalkowski, 26, the daughter of Polish immigrants, was born and raised in Clemont-Ferrand in central France, which until recently was home to two of the best women basketball clubs in Europe. Had she grown up in any other French city, her talent for the game might not have been nurtured. She had no great ambition to become the best player in Europe. Yet, that is what she became last season.

"I loved to practice because at prac-tice I could be with my friends," she said. Then we were lucky. There are some good coaches for women in France, but they are all in Division 1. They don't work normally with the younger players. But in Clermont-Ferrand the young playIn America/Jan Thomsen

ers had these coaches." Her love for the game has become something of a resource, part of a larger economic enterprise. In the summer of 1996, Fijalkowski showed up for pre-season training with her club in Bourges, France, which she led the following spring to the European championship. Thereafter she played for the French national team, and then she moved to Cleveland, of all places, to play in the inaugural season of the WNBA.

When the WNBA season ended in August, she moved to Como, Italy, home to the dominant women's basketball club in Europe. She guided Como to the European Final Four, then played for the French national team again, and then back again to the Cleve-land Rockers, which was how she wound up in Los Angeles on the day last weekend when everyone else from her country was wishing to be at the Stade de France near Paris. She has been playing basketball nonstop for two years. When the season ends in Cleveland, she When the season ends in Cleveland, she will rejoin the team in Como. Her body has been getting by on the same few days of rest as people who work in office mercially — the ads for women's bas-

buildings.
"But I have a choice: I do this because I want to do it," she said. "On the opening night for the WNBA in Cleveland, we had 11,000 people and it was fantastic. As a player you try to be as near to the people as you can be, because you don't have that kind of feeling from the people in France."

The WNBA is revolutionary because it is a functioning business. No women's sports league, apart from the WTA tennis tour, has ever survived without ar-tificial support. Women's basketball has been played professionally in Europe for years, but only at the mercy of a benefactor - a club president who took pride in his ownership of a winning team, or a sponsor hoping to improve recognition of its brand. The WNBA, which plays in the sum-

mer, and its rival American league, the ABL, which plays in the traditional winter months, were started with the full-fledged intention of making money

ketball shoes and women's athletic clothing; the audiences, which are larger than those drawn by most of the men's clubs in Europe; the cheering stoked up by the loud music in the arenas, and the emotion of players who grew up never imagining they would play in so entertaining an environment.
For many traditional sports fans, the WNBA is undoubtedly a creature of smoke-and-mirrors, of marketing and hype. And yet from another point of view, the league is convincing. While one is watching a game, the adver-tisements for the league bear a new-found sense of credibility, a ring of truth. This is because the players themselves are excellent.

"In France sport is for men," Fijalkowski said. "It is a mentality thing. Men have the strength; men have the power. It is not like this in America. In this country people recognize me as a good athlete, a good female athlete." Can she imagine the day when someone of her talent will be recognized in Europe? "I will have finished playing for a long time when I see that," she said, laughing again. But she will see it. It will happen.

lan Thomsen is a senior writer for Sports Illustrated magazine.



Isabelle Fijalkowski, in Cleveland: 'In France, sport is for men.'

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FOOTBALL CANADIAN FOOTBALL LEAGUE

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CYCLING

TOUR DE FRANCE Results Friday of 6th stage, 204 kilometers (127 miles), from La Clustre to Brive-La Galilarda: 1. Mario Cipolini. Haly, Steco, 5 hours, 5 1. Mario Consessol. States 3 notes, 5 minutes, 32 seconds.
2. Nicola Minuti, Tiaty, Risa, same time.
3. Jan Sugrada, Czech Republic, Mapel, s.i.
4. Fraderic Moncassin, Franca GAN, s.i.
5. Erik Zabel, Germany, Telekom, s.i.
6. Tom Steals, Beiglium, Mapel, s.i.
7. Mario Tomassoni. B. Mercytona Lina, s.t.

4. Tom Steek: Beiglum, Mapel, s.1.
7. Mario Trovessoni, R., Mercatone Uno, s.1.
7. Mario Trovessoni, R., Mercatone Uno, s.1.
8. Jeroen Billievens, Netherlands, TVM, s.1.
9. Emmanuel Magnien, France, FDJ, s.t.
10. George Hincopia, U.S., U.S. Postol, s.1.
oversnall.1: 1. Stoot O'Grady, Austrolia,
GAN, 3697-45; 2. Hincopia, at 9 sec.; 3. Bo
Hamburger, Dermark, Casino, 13; 4. Jens
Heppner, Germany, Telekon, 14; 5. Xavier
Jon, France, FDJ, 34; 4. Postori Herve,
France, S.1. Vicente Geratic-Acosta, Spoix,
Banesio 36; 8. Postori Chanleyr, France,
Casino 41; 9. Zebel, 42; 10. Svarado, 47.

Britisk Open

Springer (7), Ligtenberg (9), Roctor (9),
Seanez (9) and Edd Perez, W.—G. Maddw,
13-3. L.—Eldred, 4-8. Sv.—Seanez (1).
Los Angeles 621 480 910—8 15 0
\$1. Lost Mentler (9) and Prince 15 0
\$1. Voides, Hall (8), Show (9) and Prince 17 Tiger Woods, U.S.
Mercker, Witt (4), Bruntley (9) and Prince 17 Tiger Woods, U.S.
Mercker, Witt (4), Bruntley (9) and Prince 17 Tiger Woods, U.S.
Mercker, Witt (4), Bruntley (9) and Prince 17 Tiger Woods, U.S.
Mercker, Witt (4), Bruntley (9) and Prince 17 Tiger Woods, U.S.
Mark O'Meora, U.S.
Angeles, Mondesi (21), Sheffield (16).

Mark O'Meora, U.S.
Staphen Ames, Trin.

Seanez (9) and Edd Perez, W.—Som Tortonics, Skit.
Costordino Rocco, M.
Costo Jen Weesnam, Brit.
Redger Dovis, Aus.
M. Compbell, N. Zeal.
Justin Leonart. U.S.
Dovid Corter, Brit.
M. Calcoveccitia, U.S.
Berry Lane, Brit.
K. Fulkabet, Jog.
C. Montgomerie, Brit.
Jeff Maggert, U.S.
Philip Price, Brit.
Thomas Levet, Fr.
Brian Dovis, Brit.
Croig Parry, Aus.
Y. Mitzennit, Jop.
Joe Durnnt, U.S.

Torra Kitte, U.S. Sandy Lyte, Brtt. S. Maruyama. Jap. Bob May, U.S. Des Smyth. Bett. Gary Evans, Brit. Patrik Spland, Swe. Michael Long, N. Zeal. Andrew Collett, Brit. Philip Wellon, Brit. Corios Franco, Par.

Joe Durant. U.S.

Carles Franco, Par. Stewart Cinic U.S. Billy Mayfair, U.S. David Howell. Brit. J. Hoeggman. Swe. Naomichi Ozold, Jap. Frankle Minaze, Phil. J. Maria Olazabol. Sp. Mick Falda. Brit. Dudley Hart. U.S. Mark James, Brit. Phil Mickelson, U.S. 72-73-145 Mank McNuth, Zimb, M. A. Jimenez, Sp. John Doly, U.S. Stephen Leoney, Aus Gary Pisyer, S. Afr. M. McGeirle Brit. Sidp Kendall, U.S. Howard Clark, Brit. Frunk Nobilo, N. Zeal. Russell Claydon, Brit.

Andrew Magee, U.S. Maris Haliberg, Sure. Daren Lee, Bril. S. Armstrong, Brit. Robert Karisson, Swe. Toru Suzuki, Jap. Toru Suzuki, Jap.
Ben Crenshow, U.S.
Mark Lilhon, Brit.
Gary Orr. Brit.
Brodley Dredge, Brit.
Stuart Appleby, Aus.
Peter Hedblom, Swe. 76-70-146 73-73-146 TENNIS

73-73-146 71-75-146 69-77-146 72-75-147 70-77-147 73-74-147 WARLAW COP FRIDAY IN WARLAW QUARTERFINALS Grzybowska (7), Pol., def. Joanette Kruge (2), S. Atr., 6-3, 6-2: Conchita Martinez (1), Sp DAVIS CUP

T. MIZUGIERIA. JOP.
Joe Durnit, U.S.
Glen Day, U.S.
Peter Senior, Aus.
Peter Affichell, Brif.
o.S. McCarlin, Brif.
S. Bollissberos, Sp.
Toru Taniguchi, Jap.
JP Hayes, U.S.
Tom Walson, U.S.
Derrick Cooper, Brif.
Richard Bland, Brif.
Bernhard Langer, Ger.
Refled Goosen, S. Afr.
Toen Lehman, U.S.
David Shackbay, Brif.
John Lowel, Brif.
John Lowel, Brif.
John Lowel, Brif.
Jean Louis Guepy, Fr.
o-Mati Kuchar, U.S.
Scatt Hoch, U.S.
Carey Parila, U.S.
Carey Parila, U.S.
P.-U. Johansson, Swe.
Mark McMully, Zimb.
M. A. Jimentez, Sp. WOELD GROUP Spain 2. September 0 Carlos Maya. Spain, def. Ivo Her witzetland. 6-1, 6-2, 6-1. Alex Carretta, Spain, def. Marc witzetland. 6-1, 6-2, 6-2. 74-75--149 74-76--150 71-79--150 German 1, San en. 6-3, 7-6 (7-4), 7-5. nom, Sweden, 6-3, 7-6 (7-4), 7-5.
Thomas Enqvist, Sweden, det. Micalas
Klefer, Germany, 6-3, 6-3, 7-5.
Harly 2, Zimbahwe 0
Andrea Gauderzi, Italy, del. Wayne Black.
Zimbahwe 5, 6-3, 6-3.
Davide Sanguinett, Harly, del. Byran Black.
Zimbahwe 6-3, 6-3, 6-0.

CALVIN AND HOBBES

WIZARD of ID

boome, 6-3, 6-3, 6-0.

AMERICAN ZORIE
GROUP ONE, PLAYOFFS
e 2, Colombia 0
EURO-AFRICAN ZONIL,
GROUP TWO, SECOND ROUN
MARCH S EMPRICA Hongary 2, Slovenia 0 Morocco 1, Belarus 1 Senegal 1, Ivory Coast 1 Yugaslavia 1, Partugal 0

DAD'S PAINTING A PICTURE, BUT IT'S NOT COMING OUT SO HOT, AND HE'S IN A REALLY STINKY MOOD, IT'S LIKE, I

ASKED HIM ONE LITTLE GUES-

TION AND HE NEARLY BIT MY

HEND OFF! I MEAN, IT'S NOT HE IF I RUNNED HIS LOUS! PICTURE, RIGHT? WAY SHOULD.

Lotvia 2 Georgia 0

and 1. Taiwan 1 Iran G. Pakistan 2 GROUP TWO, PLAYOFFS Hong Kong G. Philippines 2

THE WEEK AHEAD SATURDAY, JULY 18

to July 19.

GOLR, Southport, England — mer. 127th
British Open, to July 19; Modison, Mississippi
— men, Deposit Guaranty Classic. to July 19;
New Rochelle, New York — women, JAL Big.
Apple Classic, to July 19; Higashikama, Japan
— Resort Trust Lodies, to July 19; Long Grove.

18 mais — Ameritech Senlor Open, to July 19;
RUGBY UNION, Perth, Australia — Australia — Australia — Australia — South Africa, th series. tralla vs. South Africa, tri series.

irolla vs. South Africa, tri series.

sunito, Nagaya. Japan — Nagaya Grand
Sumo Toetrament. Is July 19.

TENNISS, Warsaw, Poland — women.
Warsaw Cup. to July 19: Paterma, Scily —
women. Torrieo Internazionale. In July 19:
Davis Cup: Germany vs. Sweden: Spain vs.
Switzerland; Italy vs. Zimbabwe: U.S. vs. Belgium; Alexico vs. Baharnos: Chile vs. Colombio. Lebanon vs. Indonesic South Korea vs.
Chilins Marocca vs. Belarius; Senegal vs. Ivary
Coost: Yugoslavia vs. Partugat: Hungary vs.
Slovenia; Poland vs. Egypt; Latvia vs. Georgia: Ireland vs. Monaca; Bulgaria vs. Lu-Slovenia: Politina vs. Egypt; Laten vs. ceorgla; Iteland vs. Monaco: Bulgaria vs. Luembourg; Haiti vs. Venezuela; Uruguay vs.
Pent: Cuba vs. Gurtemata; Paraguay vs. Jarapica; Thatland vs. Taiwan; Iran vs.
Pakistan; Hong Kong vs. Philippines; Galar
vs. Pacific Oceania.

SUNDAY, JULY 19

ATHLETICS, Galeshead England — Grand Prix.

CALVIN, CAN'T YOU SEE I'M TRYING TO READ?

MONDAY, JULY 20 TIENNES, Stuftgart, Germany — men, Mer. cedes Cup, to July 26: Washington, D.C — men, Legg Mason Classic, to July 26.

TUESDAY, JULY 21

BASEBALL, various sites. Italy -- World WEDNESDAY, JULY 22

ay — Capa Libertadores, semifinals.

THURSDAY, JULY 23 golf, Hilversomshe, Netherlands — men, PGA European Tour, Dutch Open, to July 26: Pacific Palisades, California — U.S. Senior Open, to July 26: Sutton, Massochu setts. men. CVS Charity Classic, to July 26.
CRICKLET, Nothinghom, England — England vs. South Africa. 4th test, to July 27.

FRIDAY, JULY 24 ATHLETICS. Soll Loke City. Utoh -Desert News Marothon.

OOLF, Warren, Ohlo — warrier, Glant
Eagle Classic, to July 26.

SATURDAY, JULY 25 ATHLETICS, Durham North Carolina -

George VI and Elizabeth Diamond Stakes.

MOTOR RACING, New Zealand Rally, to July 28. Hand vs. South Africa, its series.

TENNES, various sites — Fed Cup, World
Group i, semilinals, to July 26.

SUNDAY, JULY 12 MOTOR RACINO, Spleiberg, Austria — Formula One, Austrian Grand Pric Brooklyn, Michigan - U.S. 500.

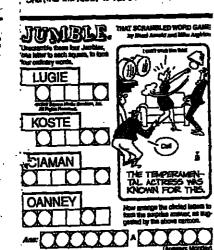
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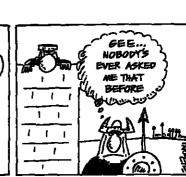
















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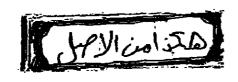




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MIAM!—Perhaps you watched World Cup soccer on TV, and you're tempted to get up off the sofa and try the game yourself. Allow me, as a big believer in the benefits of exercise, to offer you these words of encouragement: Get back on the sofa.

I say this because recently I played in a soccer game (or "match") on a regulation soccer field (or "pitch") and I wound up fearing for the safety of my most sensitive male anatomical parts (or "Roscoes"). I blame my wife. She's a sports writer, and she covers South Florida's Major League Soccer team, which is called the "Miami Fusion." (This name represents the powerful bond that forms, in this multicultural melting-pot

community, between your thighs and your car seat.)
I attend most of the Fusion games, because I like to sit in the

press box and help the sports writers by offering knowledgeable soccer observa-tions such as, "I bet that hurts when they hit it with their heads!" and "There's the beer vendor!"

If the ball happened to come directly to us, we'd try to kick it.

The reason I know so much about soccer is that I used to
play it myself, as a college freshperson in 1965. The type of
soccer I played was "intramurals," which comes from the
Greek words "intra," meaning "guys," and "murals,"
meaning "who are not trying too hard." If the ball happened
to come directly to us, we'd try to kick it, but we did not go LOOKING to get involved.

So I remembered soccer as a casual, relaxing activity, which is why, when my wife and I were asked to play in a match between the media and the staff of the Miami Fusion, I said sure. I figured we'd jog around in the vicinity of the ball for a

few friendly minutes, then go to a restaurant.

I was an idiot. I realized this the instant we arrived at the stadium. Most of the other people, on both teams, were serious, cleat-wearing soccer players. Some had played on professional teams, where they are intramural players for their team snack. They were shouting Spanish soccer expressions that translate roughly to, "I shall kick the ball with great velocity, so stand clear, lest it pass through your torso and travel a great distance farther with your pancreas cling-

The other problem was the size of the playing field. It always appeared, from up in the press box, to be about the size of a football field, but when I actually stood on it, I realized that it was much closer, in terms of square footage, to Kansas. I became exhausted before the game even started merely from jogging to the middle of the field, where I had the following conversation with one of my teammates, a foreign journalist who spoke very limited English:

Most of the people were serious, cleat-wearing soccer players.

ME: What am I supposed to do? HIM: O.K.!

ME: No, really, I have no idea what to do. HIM: Yes! When the game started, I

ran around in a sort of ampersand pattern. Every now and then, the ball would shoot past me, followed by people yelling in Spanish. One time the ball came directly toward me, and I was about to kick it when I heard footsteps approaching from behind. Because I am a free-thinking '90s guy, I'm not ashamed to say that it was a woman player who knocked me sideways like an inflatable Bozo doll and took the ball away. I AM ashamed to say that I was then replaced in the lineup by a man named Leo Mueller who is - I swear I am not making this up --- 89 years old. Leo took up soccer in his late 60s, and he's in a league, and he played WAY better than I did, despite

the fact that he has about the same foot speed as a geranium. At halftime, my wife, who had also been running around out there somewhere, came to me on the sideline. I figured that, as discuss tactics. She said: "Do these shorts look too big?

As a veteran male, I know it's a big mistake to answer that type of question, so I trotted onto the field for the second half. This was an even bigger mistake, because I wound up being part of a "wall." This happens when your team commits a foul, and the other team gets to kick the ball at your goal, so the players on your team line up in front of the kicker to try to block the shot. All the men put both hands over the part of their body that

they value the most, which needless to say is not their brains. Fortunately, the ball was kicked in such a way that nobody in the wall will have to change choir sections, if you get my drift. Finally, after about a month, the game ended. I will frankly admit that the Fusion staff team was a lot better than the media team. But since the media get to write the story, I'm stating here, for the official record, that we won 158 to 3, and I personally scored nine touchdowns.

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Actor's Metamorphosis Into Oedipus the Tyrant

By Joan Dupont International Herald Tribune

VIGNON -- Charles Berling, A new force in theater and film, tackled a big one in an updated version of Sophocles's "Oedipus," which opened Avignon's 52d theater festival. On stage for two hours with a one-man chorus, without props or music, Berling plays Oedipus as a cornered despot, desperate to put the blame for his crimes of regicide, patricide and incest on somebody else.

"Oedipus is a tyrant to the end — in fact, he's odious," the actor said. "Oedipe le Tyran." staged by Jean-Louis Martinelli and adapted from Friedrich Holderlin's German translation of 1804, gives the tragedy a modern, political edge. But at the Cour d'Honneur premiere, the production received a

reception chillier than the mistral.
"We were up against something
more difficult than the wind, worse than the World Cup frenzy on the streets — a very special first-night public," Berling said. "I'm disappointed in the reaction, but I'm not thrown because I know our approach is hard for audiences. Every night will be different—that's theater, high-risk." Berling, 40, has witnessed many

stormy nights and magic moments in the Cour. He has seen the classics, from Comeille to Claudel, treated in a variety of styles.

The actor, who pared down for the part of Oedipus from a rather gaze and contemplative manner, a contrast that has made him, from part to part, a perfectly ambiguous modern hero.

His newly tuned body better fits the tortured Oedipus. He has a reedy, insinuating voice, and has crept up on public awareness playing heroes beset by unusual iden-tity crises; on stage as a transsexual Patrice Leconte's "Ridicule." tity crises: on stage as a transsexual in Rainer Werner Fassbinder's "In a Year With 13 Moons," directed by Martinelli, and recently as an uneasy family man of ambivalent sexuality in Patrice Chereau's film

Patrice Leconte's "Ridicule."

"Metamorphosis is really my brilipe, France's leading actor of the 1950s. Berling just finished two of a hat, I can put on or lose weight; I don't do it on purpose like De sexuality in Patrice Chereau's film

Niro, but I can help it happen. I



plump figure, has a piercing blue Charles Berling plays Oedipus as an ambiguous modern hero.

An actor who works nonstop -

edy, excelling in both, which has

"Ceux qui m'aiment prendront le think it has to do with self-image, train" (Those who love me will take the train). think it has to do with self-image, my feeling about childhood; I used to be a thin boy."

Muted suffering seems to be Berling's specialty, but he loves sailing is his only recreation shedding skins, going the other way, such as when he played the stage and screen, drama and com-

light, a break from gravity, at times, to dig deeper," he said. "When I act this part, it involves me completely - I'm very affected by the roles I play.

more showy to mask realities, just side poetry, and the poetry of Sophocles and Holderlin comes first, before pleasing the public.

Our job is to bring people to this

Holderlin, the German poet, was obsessed with the Oedipus legend and the postrevolutionary notion of tyranny. A fervent believer in the French Revolution, he was shocked by the turn his heroes took -Robespierre who instigated the Terror, Bonaparte who became Emperor Napoleon.

As the play opens, the worst has happened: Oedipus, king of Thebes, has unwittingly murdered his father and married his mother. Because of the regicide, the gods are angry: Thebes is infested by the plague. The hero has yet to learn

and to assume his responsibility.
"It's not a suspense story, but
there's tension in the process of Oedipus getting to the truth," Berling said. "What interests me is that his tyramy comes from suffering. He suffers because he's illegitimate, he has no identity; he's a usurper who is never in the right

On stage, Berling paces a narrow no-man's land, a plank set between the public and his few supporting characters: his wife, Jocaste, his brother in law, Creon, the blind prophet Tiresias, and the shepherd who found him, a baby abandoned Berling switches easily between

by his royal father. Against a minimalist backdrop, hemmed in by unconscious knowledge that he is the author of his country's ruin, he is consumed by

In Holderlin's version (translated by Philippe Lacoue-Lab-arthe), the only real action — Oed-

"That's what makes an actor: ipus tearing out his eyes—happens offstage.

Sometimes you need something offstage.
"We chose not to show pathos."

even at the end," Berling said "This Oedipus, to me, is about my generation's relationship to truth and falsity, our rejection of the sa-"Today people want something cred and the irrational — that's what helps me play the part, feeling the way Oedipus hides from the that it has resonance today. Theartruth. But an actor can't exist out- er, like sailing, makes you realize

> marginal. Son of a naval officer, fourth in a family of six, Berling said that family resemblance is amazing, awful. 'I suffered, especially in adolescence, from feeling like a clone, and all your own faults you see in your siblings.

> Nothing much was ever expec-ted of him. "I liked to make people laugh. Our lycée in Toulon had a theater group, and I understood at 15 that theater involves something beyond exhibitionism. Theater took me to literature: I studied. Greek and Latin, and learned poetry in my body.

> After attending the Institut National Superieur des Arts du Spec-tacle in Brussels, "a great school for theater and for cinema," Berling started acting at the Theatre National de Strasbourg, which was directed by Jean-Pierre Vincent and, since 1990, by Martinelli:

Pascale Ferran chose him to play the melancholy brother in 'Pents arrangements avec la mort," her first film, and he went on to play? leading roles - often a round brotherly figure with surprising. - in movies by several 🧐 French female directors.

"I felt that 'Petits arrangements avec la mort got to the core of a certain suffering hidden at the heart of family life," he said. "A family may be a source of stability, but it's also a source of lies, terrible secrets, pain that never goes away. Families are never simply harmy, as we see so well in simply happy, as we see so well in



START IT UP - The guitarist Keith Richards performing during a Rolling Stones concert in Malaga, Spain, on the band's world tour.

PEOPLE

BOY was born to Princess Elena of Spain The prince hopes to raise the equivalent of \$82,000, A BOY was both to Frances are an Ababy, early on Friday in a Madrid clinic. The baby, named Felipe Juan Froilan de Todos los Santos, is the first grandchild of King Juan Carlos and Queen Sofia. He will be third in line to the throne the eldest of the royal offspring. Eleva, 35, is ined," he said in a letter published by the tabloid married to the economist Jaime de Marichalar.

minor burns on his arms and a hand when his Ferrari Massachusetts. The fire was apparently due to a leak in the hose, a fire department spokesman said.

The former governor, Chris Patten, will return to Hong Kong in October to promote his book, "East and West," said his publisher, Macmillan The book's reported criticism of Beijing was said to be behind the decision of the original publisher, Rupert Murdoch's firm HarperCollins, to drop it.

Prince Charles is using his artwork to raise

through the sale of prints of a watercolor of Himalayan range he made during a trekking trip in 1992. Charles visited the hostel in Katmandu in February and found the girls' stories "grimmer and after his uncle, Crown Prince Felipe, and Elena, even more heartbreaking than I could have imag-

Aerosmith's drummer, Joey Kramer, suffered than \$12 million in a dispute over foreign royalties. The estate sued Sony last August, but an amended caught fire as he filled up at a gas station in complaint filed last week specifies a dollar amount claiming Sony misrepresented record contracts and royalty rates used to calculate payment to the estate. "Americans don't realize sometimes that he has always been huge in Europe, and he still is," said the estate lawyer, Sam Lipshie. Foreign royalties "are much bigger for Roy Orbison than they

been a superstar there." Orbison died in 1988.

Michael Jackson has not abandoned plans to build a \$500 million theme park in Warsaw, his lawyer said. The Interior Ministry refused permission to build it at a little-used airport on the city 3 money for a hostel in Nepal that rescues girls from mission to build it at a little-used airport on the city child prostitution. The Sun newspaper reported.

mission to build it at a little-used airport on the city outskirts, but several new sites have been selected.



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are for a lot of American artists because he's always